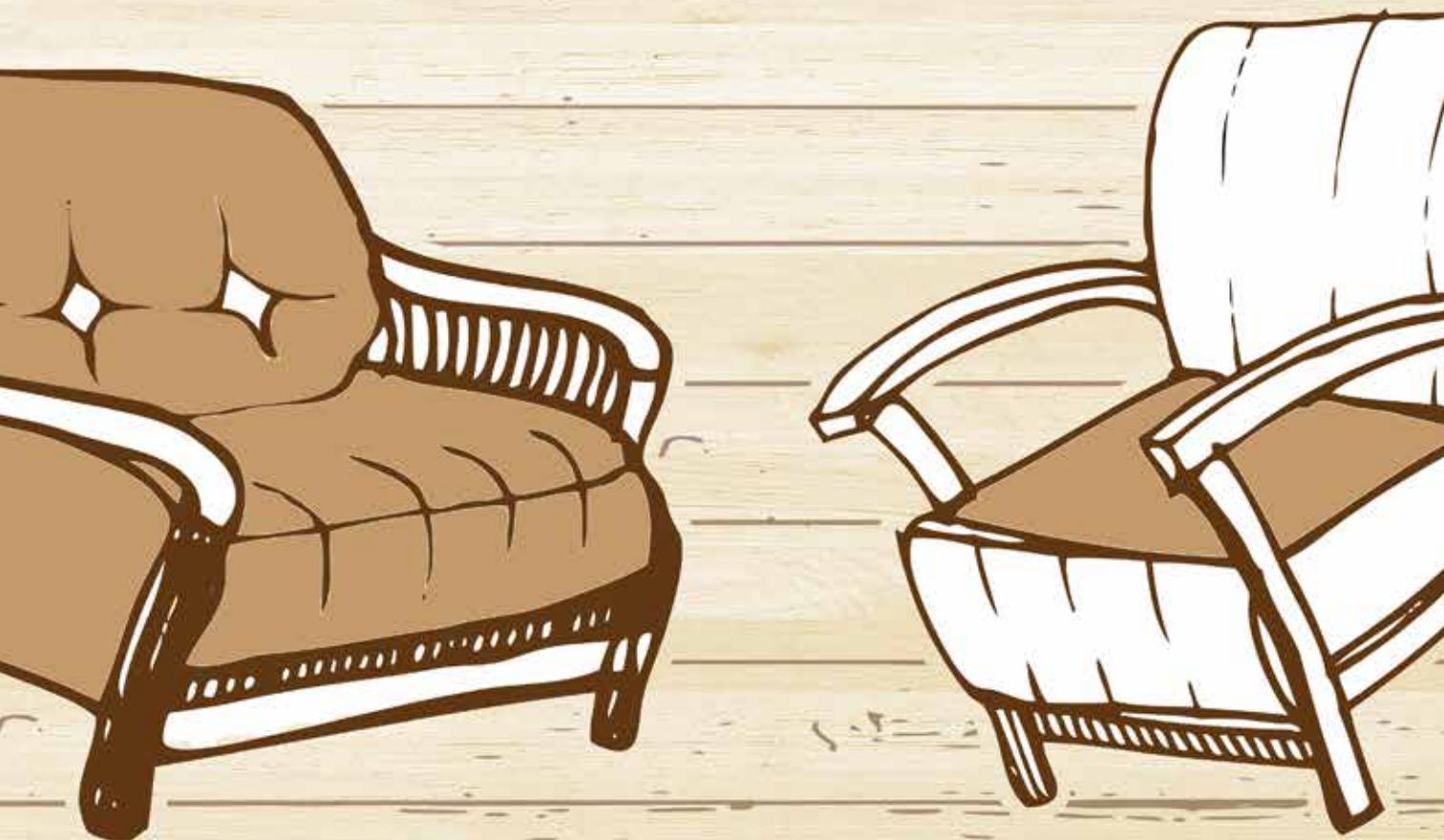


ECF

บริษัท อีสต์โคสต์เฟอร์นิเจอร์ จำกัด (มหาชน)

รายงานประจำปี | 2560
ANNUAL REPORT





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ELEGA

FURNITURE

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Vision

“Committed to be the leader in furniture business in Southeast Asia with excellence in management according to international standards leading towards the ultimate satisfaction.”

Mission

“To be an entrepreneur in providing quality furniture, focused on customer satisfaction oriented by complying with management policy that leads to ultimate efficiency and effectiveness.”

Long-Term Target

The Company formulates long-term target by maintaining growth of sales volume and profit from operation in furniture business group for continuous growth, aims to be the organization that develops our investment to reduce costs in the integrated furniture manufacturing business, and sets target of returns from alternative energy business in the proportion for not below 30% of total net profit of the Company and its subsidiaries within 3 years.

”

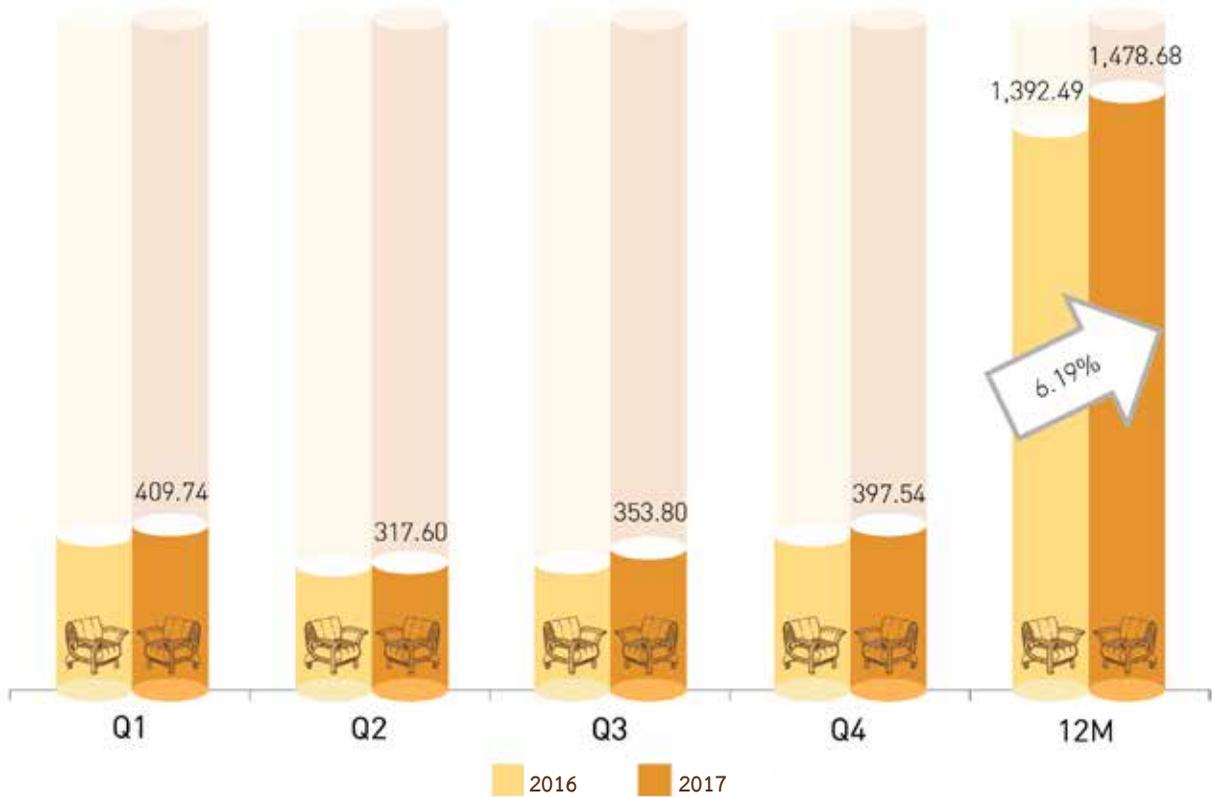
Financial Highlight

Unit : Million Baht

Subject	Year 2017	Year 2016	Year 2015
Statement of Financial Position			
Total Assets	2,782.77	2,357.28	1,506.20
Total Liabilities	1,753.73	1,698.18	1,052.54
Shareholder's Equity	1,029.03	659.10	453.66
Paid-up Capital	207.50	142.21	137.55
Profit and Loss Statements			
Revenues from Sales-Net	1,444.62	1,370.78	1,334.10
Total Revenue	1,478.68	1,394.91	1,358.30
Cost of Goods Sold	1,004.20	983.27	981.74
Total Expenses	415.59	366.34	292.40
Corporate Tax	11.65	10.71	13.99
Profit for the year	66.74	65.00	70.17
<i>Profit for the year - part belonging to the parent company</i>	<i>73.05</i>	<i>62.44</i>	<i>75.43</i>
Net Profit	66.74	226.34	74.83
<i>Total comprehensive income for the year - equity attributable to parent company</i>	<i>73.05</i>	<i>224.94</i>	<i>77.80</i>
Financial Ratios			
Return on Asset (%)	2.60	3.37	5.45
Return on Equity (%)	7.91	11.68	17.55
Gross Profit Margin (%)	30.49	28.27	26.41
Net Profit Margin (%)	4.51	4.66	5.51
Debt to Equity Ratio (times)	1.70	2.58	2.32
Earnings per share (Baht)	0.11	0.11	0.14
Book value per share (Baht)	1.24	0.16	0.82

Quarterly Comparison Between 2016 and 2017

Unit : Million Baht



The Export and Domestic Sales by Comparison and Revenue Growth.



- The revenue from furniture made of particle board was 986 million baht, accounting for 68% of total sales.
- Gross profit from furniture business grew 29% and gross profit : Owner of the Parents grew by 17%
- Total assets continued from 2015 to 2017 at 1,506.20 to 2,357.28 million and 2,782.77 million in 2017, respectively.



Message from the Chairman



“Throughout the period of unceasing development and growth of East Coast Furnitech Public Co., Ltd. on behalf of the Board of Directors, I would like to deliver my gratitude to all shareholders for consistent trust and support on the Company’s business operation without trouble. The year of 2017 is another challenging year for furniture export business with the country’s slow-down overview, the Company has urgently adjusted strategic plan to continuously increase sale volume.”

“The Board of Director is necessary to closely monitor the situation so as not to have a negative impact on the operational result, enabling the Company’s business to smoothly operate and continuously expand with satisfaction when comparing to the current surrounding situation. However, the Company continues to strive for the maximum efficient management while simultaneously developing new furniture products which is the Company’s core business to be more marketable and to push the Company to continuously grow and maintain a satisfactory performance. This will benefit all shareholders, trading partners and consumers”

“I would like to deliver my gratitude to all executives and employees for your dedication of intelligence and effort and inner strength in hard working to drive the Company to grow and fight against obstacles in business operation to meet the Company’s goal for another year. Most of all, I would like to thank all shareholders and those who support the Company’s business without trouble all the time, also, the Company has been advised and provided of suggestions which are beneficial to the development and improvement of the Company’s operations to serve all needs of relevant stakeholders. This leads the Company to make progression with stability and sustainability.”

“In this occasion, I wish to bless all of shareholders, management, trading partners, customers and supporters as well as employees and family to be successful, prosperous and wealthy all together.”

A handwritten signature in black ink, appearing to read 'No. m...' followed by a stylized flourish.

General Terdsak Marom
Chairman of the Board

Message from Chairman of Executive Committee



“The year 2107 is considered as another year in which all companies under ECF Group operate their business in the context of changing and challenging all the time due to the unfavorable conditions of furniture exports, however, with the united action and spirit of all management and employees, the Company could fight against obstacles and increase more sale volume for furniture products than previous year for another year. In 2017, the Company had revenue from furniture sales of Baht 1,427.66 Million, representing a growth rate of 5.4% and had a total revenue of Baht 1,478.68 Million, representing a growth rate of 6.2% when compared to previous year.

Also, in 2017, the Company has recognized share of profit from the investment in joint venture, this is the first year for the change from business expansion development to the Alternative Energy Business apart from the production and distribution of furniture. This is considered to be the creation of secured base and increase of strength to the Company for sustainable growth. In this year, on 16 January, 2017, the Company registered and established ECF Power Co., Ltd. (ECF-Power) by holding 99.99% of its total shares with the objective to be a company that invests in holding company. Additionally, ECF-Power also invested in a joint venture, namely, SAFE Energy Holdings Co., Ltd. (SAFE), by holding 33.37% of its total share. SAFE invested in biomass power plant with capacity of 7.5 megawatts of Prize of Wood Green Energy Co., Ltd. (PWGE), located in Narathiwat province and it could start the Commercial Operation Date since 27 June, 2017. The share of profit from PWGE power generation and distribution will generate the return of investment to the Company. This is another strategy to expand the business that can generate secured and continuous revenue to strengthen ECF overview.

“I, on behalf of all executives, would like to express our commitment to develop the concept of business operation and increase the competency, knowledge in all aspects in order to lead the business for stable progress and growth and finally, result in profit return to all shareholders.”

A handwritten signature in black ink, appearing to be in Thai script, written over a light blue horizontal line.

Mr. Wanlop Suksawad

Director and Chairman of Executive Committee

Message from Managing Director

Dear All Shareholders,

In overview of the Company's business operation throughout 2017, the Management has aimed for stable, potential and quality business operation so that the business can be driven for stable and sustainable development and growth as well as the Company also realized of the importance of employees and surrounding society for good and stable relationship, resulting the Company to sustainably operate its business.

The year of 2017 is considered as a year with clear development, we can see from the Company's business structure plan. In 2016, the Company's business was focused on furniture business but in 2017, the Company has expanded its business to alternative energy business, for example, ECF Power Co., Ltd. (ECF-P) was registered and established as its subsidiary, ECF-P has invested in SAFE Energy Holdings Co.,Ltd. (SAFE) in order to be an investor in biomass power plant project. Green Earth Power (Thailand) Co., Ltd. (GEP) was also established to invest in the solar power plant project with capacity of 220 megawatts located in Minbu City, Republic of the Union of Myanmar, the project is under construction. At present, ECF-P has realized the profit share from investment in SAFE by obtaining from the biomass power plant project sized 7.5 megawatts, located in Narathiwat Province, which is belonged to Prize of Wood Green Energy Co., Ltd. (PWGE) and SAFE invests in such project by holding PWGE shares for 99.99%. PWGE started to realize revenue from the power distribution since 27 June, 2017. SAFE also invests in the plant of wood chip which is used as fuel for power generation, this plant is operated by SAFE Biomass Co., Ltd. and Bina Puri Power (Thailand) Co., Ltd. Presently, there are two biomass power plants with gasification technology under construction, each project sized 1 megawatt and both are located in Phrae Province. During 2017, the Company additionally invested in totally 6 companies which are subsidiaries and joint ventures.

Although the expansion of alternative energy business has been clearly exposed in 2017, the Company still emphasizes and aims to develop marketing strategies for furniture business to increase sale volume and profit for continuous growth. Besides, the Company has expected that the investment in alternative energy business will gradually be realized its revenue in the future when the construction of power plants is completed as planned.



Mr. Arak Suksawad
Managing Director



Board of Directors and Audit Committee

Assoc. Prof. Dr. Montri Socatayanurak
Chairman of Audit Committee
Independent Director

Assoc. Prof. Songkhlod Jarusombuti
Audit Committee
Independent Director

Mr. Wanlop Suksawad
Director

Mr. Chalee Suksawad
Vice Chairman of the Board

General Terdsak Marom
Chairman of the Board
Audit Committee
Independent Director



Dr. Ekarin Vasanasong
Independent Director

Mrs. Waraporn Suksawad
Director

Mr. Arak Suksawad
Director
Managing Director

Miss Tippawan Suksawad
Director
Deputy Managing Director



Board of Executive Director

Mr. Chalee Suksawad
Executive Director

Mr. Wanlop Suksawad
Chairman of Executive Director

Mr. Arak Suksawad
Executive Director

Miss Tippawan Suksawad
Executive Director



Management Team

Ms. Pachanan Singphu
Accounting and Financial Director

Mrs. Supak Suksawad
Assistant Managing Director
(Branch office)

Miss Tippawan Suksawad
Deputy Managing Director

Mr. Arak Suksawad
Managing Director

Mr. Sittichoke Chinnurat
Assistant Managing Director (Head office)

Mr. Racha Pojariya
Factory Director of Head Office

Mr. Attaphol Thanapol
Factory Director of 1st Branch



Details of Directors, Executives and Company Secretary

1 General Terdsak Marom

Chairman of the Board

Audit Committee

Old Name-Surname : - None -

Ages (years) : 82

Appointment date as director : 26 October 2012

Family Relationship Between Executives : - None -

Proportion of Shareholding in the Company (%) : 0%, None of change between the year.

Educational Qualification :

- Honorary Degree, Innovation for Education Technology Rajamangala University of Technology Phra Nakhon
- Bachelor of Science (B.S.) Chulachomklao Royal Military Academy (CRMA)
- Associate Infantry Career Course, Georgia, USA.
- Internal Defense and Development, North Carolina, USA.
- Command and General Staff College
- Royal Thai Army War College
- Course of Law for High-Level Commander
- Ministry of Defence
- National Defence College
- Certificate of Director Accrediation Program (DAP), Batch 10/2004, Thai Institute of Directors (IOD)

Work Experience in Retrospective 5 Years Period :

- 2014 - Present Chairman of the Boards / Audit Committee Member
East Coast Furnitech Pcl. (Listed Company) / Manufacturer and Distributor of Furniture
- 2004 - Present Chairman of the Board
T. Krung Thai Industry Pcl. (Listed Company) / Manufacturer and supplier of molds for plastic parts.
- 1977 - Present President, the Lions Clubs International District 310 Thailand
Activities for public benefits and public charity providing assistance to underprivileged people and deficient people
- 1986 - Present Advisory Chairman and Director taking care of Education, Eastern College of Technology (E. Tech) (Non-Listed Company)
College offers two levels of education: Vocational Education and Higher Vocational Education.
- 1986 - Present Special Military Officer Stationed at 21st Infantry Regiment
- 1992 - Present Advisory Chairman Data Products Topping Form Co., Ltd. (Non-Listed Company) /
Distributor and Service Provider of IT Products
- 1992 - Present Chairman, Trai Kaew Foundation (Education) Thammawatee School
- 1997 - Present Special Royal Bodyguard
- 2004 - Present President, Vietnam Veterans Association of Thailand under the Royal Patronage
- 2016 - Present President and Advisor, the Lions Foundation in Thailand

2 Assoc. Prof. Dr. Montri Socratyanurak

Chairman of Audit Committee

Director

Old Name-Surname : - None -

Ages (years) : 60

Appointment date as director : 26 October 2012

Family Relationship Between Executives : - None -

Proportion of Shareholding in the Company (%) : 0%, None of change between the year.

Educational Qualification :

- Doctor's Degree, PhD. (Economics) University of Minnesota, U.S.A.
- Master's Degree, MA (Economics) University of Minnesota, U.S.A.
- Master's Degree Master of Development Administration (Development Economics)
National Institute of Development Administration
- Bachelor's Degree, Bachelor of Economics (Economics) Thammasat University
- Certificate DAP, Batch No. 69/2008, Thai Institute of Directors (IOD)

Work Experience in Retrospective 5 Years Period :

- 2012 - Present Chairman of Audit Committee/Director
East Coast Furnitech Pcl. (Listed Company) / Manufacturer and Distributor of Furniture
- 2013 - 2017 Chairman of the Board
Ocean Commerce Pcl. (Listed Company) / Manufacturer and Distributor of Faucet
- 2013 - Present Independent Director
Union Auction Pcl. (Listed Company) / Service Business as Intermediary in Asset Auction Management
- 2014 - Present Chairman of Audit Committee / Chairman of the Board
TV Thunder Pcl (Listed Company) / Producer of Television Program
- 2015 – Present Chairman of Audit Committee / Independent Director
Megachem (Thailand) Pcl. (Listed Company) / Distributor of Chemicals
- 2011 - Present Director
Learn Tech Co., Ltd. (Non-Listed Company) / Provider of Integrated Instruction Media Development and Training Service (e-Learning Total Solution)
- 2011 - Present Chairman of the Board
SPC Precious Metal Co., Ltd. (Non-Listed Company) / Integrated Distributor of Precious Metal
- 2015 - Present Audit Committee Member / Independent Director
Baan Souy Group (Suratthaini) (Non-Listed Company) / Real Estate Development
- 2016 - Present Chairman of the Board
Thai Plastic Industrial (1994) Pcl. (Non-Listed Company) / Manufacturer and Distributor of Plastic Bags
- 2017 - Present Chairman of the Board
PCN Corp Plc. (Non-Listed Company) / Contractor of construction for public utilities relating to communication and transportation system

3 Assoc. Prof. Songkhlod Jarusombuti

Director

Audit Committee Member

Old Name-Surname : - None -

Ages (years) : 54

Appointment date as director : 26 October 2012

Family Relationship Between Executives : - None -

Proportion of Shareholding in the Company (%) : 0%, None of change between the year.

Educational Qualification :

- Master's Degree, Master of Science Faculty of Forestry Kasetsart University
- Bachelor's Degree, Bachelor of Science Faculty of Forestry Kasetsart University
- Certificate (DAP), Batch 99/2012, Thai Institute of Directors (IOD)

Work Experience in Retrospective 5 Years Period :

- 2012 - Present Director / Audit Committee Member
East Coast Furnitech Pcl. / Manufacturer and Distributor of Furniture
- 1996 - Present Specialist of Industrial Technology Assistant Program (iTAP),
National Science and Technology Development Agency
Advisor of Thai Furniture Industries Association
Advisor of Thai Hevea Wood Association
No position holding in other businesses both of listed and non-listed companies
- 1996 - Present Director of the Center for Excellence in Rubber Science.

4 Dr. Ekarin Vasanasong

Independent Director

Director

Old Name-Surname : - None -

Ages (years) : 46

Appointment date as director : 28 October 2012

Family Relationship Between Executives : - None -

Proportion of Shareholding in the Company (%) : 0%, None of change between the year.

Educational Qualification :

- Doctor's Degree, Ph.D. (Electrical Engineering) The University of New South Wales, Australia
- Master's Degree, M. Eng (Electrical Engineering) Kasetsart University
- Bachelor's Degree, B. Eng (Power Engineering) Mahanakorn University of Technology

Work Experience in Retrospective 5 Years Period :

2017 - Present	Director East Coast Furnitech Pcl. (Listed Company) /Manufacturer and Distributor of Furniture
2017	Director / Corporate Governance and Social Affairs Committee The Krungthep Thanakom Co., Ltd. Enterprise of Bangkok Metropolitan Administration, implementing infrastructure system
2017	Director / Risk Management Committee The Krungthep Thanakom Co., Ltd. Enterprise of Bangkok Metropolitan Administration, implementing infrastructure system
2017 - Present	Executive Vice President The Krungthep Thanakom Co., Ltd. Enterprise of Bangkok Metropolitan Administration, implementing infrastructure system
2009 - 2017	Power Plant Project Manager Private Electricity Manufacturer

5 Mr. Chalee Suksawad

Vice Chairman of the Board

Executive Director

Old Name-Surname : - None -

Ages (years) : 50

Appointment date as director : 26 October 2012

Family Relationship Between Executives :

The son of Mr. Wanlop and Mrs. Waraporn, and the elder brother of Mr. Arak / Miss Tippawan

Proportion of Shareholding in the Company (%) : 14.4560%

14.4563% (including spouse and immature children)

Educational Qualification :

- Bachelor's Degree, Bachelor of Economics University of the Thai Chamber of Commerce
- Certificate (DAP) Batch 94/2012, Thai Institute of Directors (IOD)

Work Experience in Retrospective 5 Years Period :

- 1999 - Present Vice Chairman of the Board / Executive Director
East Coast Furnitech Pcl. / Manufacturer and Distributor of Furniture
- 2015 - Present Director
ECF Holdings Company Limited / Holding Company
- 2017 - Present Director
ECF Power Company Limited / Investment in Energy Business
- 2017 - Present Director
SAFE Energy Holding Co., Ltd. / Investment in Biomass Power Plant Business
- 2017 - Present Director
Prize of Wood Green Energy Co., Ltd. / Biomass Power Plant, Narathiwat Province
- 2017 - Present Director
Green Earth Power (Thailand) Co., Ltd. / Solar Power Plant, Myanmar

6 Mr. Wanlop Suksawad

Director

Chief Executive Officer

Old Name-Surname : - None -

Ages (years) : 76

Appointment date as director : 26 October 2012

Family Relationship Between Executives :

The spouse of Mrs. Waraporn and the father of Mr. Chalee / Mr. Arak / Miss Tippawan

Proportion of Shareholding in the Company (%) : 5.8480%

6.3289% (including spouse)

Educational Qualification :

- Elementary Education Grade 4 Wat Huay Sarn Salika School
- Certificate (DAP), Batch No. 96/2012, Thai Institute of Directors (IOD)

Work Experience in Retrospective 5 Years Period :

1999 - Present Director / Chief Executive Officer

East Coast Furnitech Pcl. / Manufacturer and Distributor of Furniture

1999 - Present Director

ECF Holdings Company Limited / Holding Company

1999 - Present Director

ECF Power Company Limited / Investment in Energy Business

7 Mr. Arak Suksawad

Director

Executive Director

Managing Director

Director of Sales and Marketing Department (Acting)

Old Name-Surname : - None -

Ages (years) : 47

Appointment date as director : 26 October 2012

Family Relationship Between Executives :

The son of Mr. Wanlop and Mrs. Waraporn, and the younger brother of Mr. Chalee / the elder brother of Miss Tippawan

Proportion of Shareholding in the Company (%) : 14.4560%

14.4560% (including spouse)

Educational Qualification :

- Master's Degree, Master of Economics, Ramkhamhaeng University
- Bachelor's Degree, Bachelor of Economics in Monetary Economics Program, Ramkhamhaeng University
- (DAP) Batch No. 95/2012, Thai Institute of Directors (IOD)
- Executive Program Capital Market Academy (CMA), Batch 16
- Expert and Specialist for Member of Parliament Course, Batch 6, King Prajadhipok's Institute
- Executive Course of Energy Technology, Thailand Energy Academy (TEA)
- Course "Bahumipalung Phandin" for Executives, Batch 4, Chulalongkorn University
- Master of Investment Courses (Ultra Wealth Group, Batch 3)

Work Experience in Retrospective 5 Years Period :

1999 - Present	Director / Executive Director / Managing Director / Director of Sales and Marketing Department (Acting) East Coast Furnitech Pcl. / Manufacturer and Distributor of Furniture
2015 - Present	Director ECF Holdings Company Limited / Holding Company
2017 - Present	Director ECF Power Company Limited / Investment in Energy Business
2017 - Present	SAFE Energy Holding Co., Ltd. / Investment in Biomass Power Plant Business
2017 - Present	Director Prize of Wood Green Energy Co., Ltd. / Biomass Power Plant, Narathiwat Province
2017 - Present	Director Green Earth Power (Thailand) Co., Ltd. / Solar Power Plant, Myanmar
2007 - Present	Director Council of Asia Furniture Associations (CAFA)
2012 - 2016	President Thai Furniture Industries Association

8 Miss Tippawan Suksawad

Director

Executive Director

Deputy Managing Director

Company Secretary

Old Name-Surname : - None -

Ages (years) : 44

Appointment date as director : 26 October 2012

Family Relationship Between Executives :

The daughter of Mr. Wanlop and Mrs. Waraporn, and the young sister of Mr. Chalee / Mr. Arak

Proportion of Shareholding in the Company (%) : 15.6609%

15.6613% (including spouse and immature children)

Educational Qualification :

- Bachelor's Degree, Bachelor of Accountancy, Bangkok University
- Certificate (DAP) Batch No. 94/2012, Thai Institute of Directors (IOD)

Work Experience in Retrospective 5 Years Period :

1999 - Present Director / Executive Director / Deputy Managing Director / Company Secretary
East Coast Furnitech Pcl. / Manufacturer and Distributor of Furniture

1999 - Present Director
ECF Holdings Company Limited / Holding Company

1999 - Present Director
ECF Power Company Limited / Investment in Energy Business

9 Mrs. Waraporn Suksawad

Director

Old Name-Surname : Miss Buklung Sae Low

Ages (years) : 75

Appointment date as director : 26 October 2012

Family Relationship Between Executives :

The spouse of Mr. Wanlop and the mother of Mr. Chalee / Mr. Arak / Miss Tippawan

Proportion of Shareholding in the Company (%) : 0.4809%

6.3289% (including spouse)

Educational Qualification :

- Certificate (DAP), Batch No. 96/2012, Thai Institute of Directors (IOD)

Work Experience in Retrospective 5 Years Period :

1999 - Present Director

East Coast Furnitech Pcl. / Manufacturer and Distributor of Furniture

1999 - Present Director

ECF Holdings Company Limited / Holding Company

1999 - Present Director

ECF Power Company Limited / Investment in Energy Business

10 Mrs. Suphak Suksawad

Assistant Managing Director (Branch Part)

Old Name-Surname : Miss Nittaya Toepongarnan

Ages (years) : 45

Family Relationship Between Executives :

The spouse of Mr. Chalee

Proportion of Shareholding in the Company (%) : 0.0001%

14.4563% (including spouse and immature children)

Educational Qualification :

- Bachelor's Degree, Bachelor of Economics, Dhurakij Pundit University

Work Experience in Retrospective 5 Years Period :

2003 - Present Assistant Managing Director (Branch Part)

East Coast Furnitech Pcl. / Manufacturer and Distributor of Furniture

11 Mr. Sitthichoke Chinnurat

Assistant Managing Director (Headquarter Part)

Old Name-Surname : - None -

Ages (years) : 45

Family Relationship Between Executives :

The spouse of Miss Tippawan

Proportion of Shareholding in the Company (%) : 0.0001%

15.6613% (including spouse and immature children)

Educational Qualification :

- Bachelor's Degree, Bachelor of Laws, Ramkhamhaeng University

Work Experience in Retrospective 5 Years Period :

1999 - Present Assistant Managing Director (Headquarter Part)

East Coast Furnitech Pcl. / Manufacturer and Distributor of Furniture

12 Miss Pachanan Singphu

Director of Finance and Accounting Department

Old Name-Surname : Miss Namthip Singphu

Ages (years) : 41

Family Relationship Between Executives : - None -

Proportion of Shareholding in the Company (%) : 0.0001%

Educational Qualification :

- Bachelor's Degree, Bachelor of Accountancy, Rambhai Barni Rajabhat University

Work Experience in Retrospective 5 Years Period :

1999 - Present Director of Finance and Accounting Department

East Coast Furnitech Pcl. / Manufacturer and Distributor of Furniture

13 Mr. Racha Pojariya

Director of Headquarter Plant

Old Name-Surname : - None -

Ages (years) : 48

Family Relationship Between Executives : - None -

Proportion of Shareholding in the Company (%) : - None -

Educational Qualification :

- Master's Degree Master of Business Administration, Ramkhamhaeng University
- Bachelor's Degree Bachelor of Business Administration, Ramkhamhaeng University

Work Experience in Retrospective 5 Years Period :

2010 - Present Director of Headquarter Plant

East Coast Furnitech Pcl. / Manufacturer and Distributor of Furniture

14 Mr. Atthapol Thanapol

Director of Branch 1 Plant

Old Name-Surname : Mr. Atthapol Pholhar

Ages (years) : 47

Family Relationship Between Executives : - None -

Proportion of Shareholding in the Company (%) : 0.0001%

Educational Qualification :

- High School Education Grade 6 Assumption College Sriracha

Work Experience in Retrospective 5 Years Period :

2008 - Present Director of Branch 1 Plant

East Coast Furnitech Pcl. / Manufacturer and Distributor of Furniture

Details of Directors in Subsidiaries and Joint Ventures

Name - Surname	ECF	W Decor	ECFH	ECF-P	PNB	SAFE	PWGE	SAFE-B	BINA	GEP
1. General Terdsak Marom	/									
2. Assoc. Prof. Dr. Montri Socratyanurak	//									
3. Assoc. Prof. Songkhlod Jarusombuti	//									
4. Dr. Ekarin Vasanasong	//									
5. Mr. Wanlop Suksawad	//,///	//	//	//	//					
6. Mr. Chalee Suksawad	//,////	//,////	//,////	//,////	//,////	//,////	//,////	////*	////*	//,////
7. Mr. Arak Suksawad	//,////	//,////	//,////	//,////	//,////	//,////	//,////	////*	////*	//,////
8. Miss Tippawan Suksawad	//,////	//,////	//,////	//,////	//,////					
9. Mrs. Waraporn Suksawad	//	//	//	//	//					

Note : / Chairman of the Board // Director /// Chairman of the Executive Directors //// Executive Director

Company Name:

	Company	Company shares (%)
1.	ECF East Coast Furnitech Public Co., Ltd. (the Company)	-
2.	W-Decor W Décor Co., Ltd.	subsidary 99.95
3.	ECFH ECF Holdings Co., Ltd.	subsidary 75.00
4.	ECF-P ECF Power Co., Ltd.	subsidary 99.99
5.	PNB Planet Board Company Limited	subsidary 99.99
6.	SAFE SAFE Energy Holdings Co., Ltd.	subsidary ECF-P holds 33.37 % of company shares
7.	PWGE Prize of Wood Green Energy Co., Ltd.	subsidary SAFE holds 99.99 % of company shares
8.	SAFE-B SAFE Biomass Co., Ltd.	subsidary SAFE holds 99.99 % of company shares
9.	BINA Bina Puri Power (Thailand) Co., Ltd.	subsidary SAFE holds 49.00 % of company shares
10.	GEP Green Earth Power (Thailand) Co., Ltd.	subsidary ECF-P holds 20.00 % of company shares

Note : *Presently, it is in the process of adding the names of Mr. Chalee Suksawad and Mr. Arak Suksawad to the Board of Directors in accordance with the certificates of SAFE-B and BINA, which have not been completed.

General Information and Other information

1. General Information of East Coast Furnitech Public Company Limited

Company's name in Thai	: บริษัท อีสต์โคสต์เฟอร์นิเจอร์ จำกัด (มหาชน)
Company's name in English	: East Coast Furnitech Public Company Limited (ECF)
Date of registration	: October 12, 1999 as the Limited Company Later as of October 18, 2012, the Company has registered and transformed into Public Company Limited and changed the name to East Coast Furnitech Public Company Limited (ECF).
Registered company/ TAX ID:	0107555000449
Securities Symbol	: ECF
Type of business	: A manufacturer and distributor of furniture made of particle board and rubber wood, foil paper for using as a raw material for furniture manufacturing, a manufacturer and distributor of dried rubber wood, a distributor of furniture by the branches of showrooms, and the service in cutting of pasting edge (PVC).
Registered Capital	: 354,137,269 Baht which has been divided into 1,416,549,076 ordinary shares at a par value of 0.25 Baht
Paid-up Capital	: 207,501,863 Baht which has been divided into 830,007,452 ordinary shares at a par value of 0.25 baht per share
Head Office Location	: 37/9 Moo 10 Banbueng – Klaeng Road, Thang Kwian Subdistrict, Klaeng District, Rayong Province 21110
Branch Office Location	
Branch 1	: No. 29/1 Moo 3 Soi Chongko – Chumnumnai Wang Chan Subdistrict, Wang Chan District, Rayong Province, this branch is used as a factory for furniture manufacturing and assembly, sawmill for rubber wood and dried rubber wood, and production of foil paper using as a raw material furniture manufacturing.
Branch 2	: No. 25/28 Moo 12, Bueng Kham Phroi Subdistrict, Lam Luk Ka District, Pathum Thani Province, this branch is used as a general management division and a warehouse. As of December 31, 2017, the Company also has other 18 registered branches used as the showrooms for display and distribution for ELEGA Brand and 2 more registered branches for FINNA HOUSE Brand.
Telephone Number	: +66 3888 6372-4
Fax Number	: +66 3867 8220
Home Page	: www.ecf-furniture.com , www.elegathai.com

Other Information

- None -

Policy and Overview of Business

Furniture Business

East Coast Furnitech Public Company Limited (“ECF” or “the Company”) defines target and strategy for business operation with the commitment to dominate market shares in the leading rank of furniture business in Thailand. At present, the Company is able to continuously maintain its sales growth rate in the furniture segment. The growth rate for the year 2017 was approximately 4.69%, even if the growth was not in line with the target. Because in 2017, the overall export of wooden furniture of Thailand with the comparison to the US dollar has slowed down when compared to its result of 2016 or it was negative of 7.82% when compared to the difference between 2015 and 2016 which was negative rate at 4.53% due to uncertain global economic factors. However, if considering only the domestic sales in 2017, the Company’s revenue from domestic sales was 16.74%, while the export revenue was decreased by 3.13%, the main factor of this revenue decrease was from export arisen during 2017 that the Baht value was strengthened when comparing to its value in 2016.

For 2017, the Company exported products for distribution in more than 10 countries such as Japan, Middle East, India, England, USA, Chile, Taiwan, China, as well as the countries in AEC Group such as Malaysia, Philippines. If considering on individual country, it was found that the growth rate of sales volume in some countries continuously increased. The purchase ordering result for export of products for distribution in new countries shall be continually monitored whether distribution channels to those countries can be added more.

However, the overall picture of such sale increase has been affected by the Company’s adjustment on competitive strategy, focusing on penetration of nationwide retail store and wholesale store under Costa brand, in accompanying with reinforcement of more marketing and sales teams. This caused the Company able to significantly generate more revenues from sales of furniture for this distribution channel by 180.40% for previous year. However, since it has been in the beginning period, sales volume has still been low when compared with revenues from export and distribution via the Company’s own brand under distribution via modern trade store-type. The proportion of revenue from distribution via wholesale shops and retail shop was equal to 7.51% when comparing to total revenue of furniture sale.

If considering from distribution channel of furniture products via modern trade-type customer group which is order placement using the Company’s brand. In 2017, it was found that the Company could also generate continuous growth rate of sales volume by product distribution to modern retail stores under different brands such as house brand of Tesco Lotus for distribution to Tesco Lotus Brand, Leaf for distribution to HomePro, Fur Direct Brand for distribution to Big C, a7 Brand for distribution to Mega Home, HASTA Brand for distribution to Thai Watsadu, and manufacture of products for distribution to Winner Brand. The growth rate of 4.87% for modern trade retail store group could be generated.

For distribution channel via ELEG A Showroom which is the product distribution channel for middle to upper customer groups, the non-consumption confidence atmosphere and domestic spending resulted in the decrease in approximate growth rate of 9.31% of revenues from distribution via such channels. However, if the domestic economic confidence condition and spending atmosphere recovers again, product distribution channel via ELEG A showroom shall be normally generated continuous growth rate.

In addition to the business overview in terms of sale revenue which was from the production and distribution of furniture, the Company generated its revenue from selling the foil paper including dried rubber wood which both were used as raw material for furniture production In 2017, the Company could increase the growth sale rate from selling foil paper and dried rubber wood for 11.87% and 43.18%, respectively, resulting in the increase of growth rate for furniture and raw materials used for furniture production by 5.49% or 1,429.87 Million Baht of sale revenue value, which was increased from 2016 that was 74.41 Million Baht.

Retail business

In addition to the business overview of ECF Holdings Company Limited (“ECFH” or “subsidiary company”) as a subsidiary by the Company’s shareholding as of 31 December 2017 of 75%. The retail business (“Can Do”) is currently implementing:

Can Do is a store selling all products at one price (100 yen). It originated in Japan, established by Can Do Co., Ltd., a registered company listed in Tokyo Stock Exchange. Its Headquarter is located Shinjuku, Tokyo. The latest information as of 30 November 2017, over 994 branches of Can Do are opened in Japan and abroad with minimum income of 68,829.45 Million Yen.

The company represented by Mr. Arak Suksawad, Managing Director, was interested in such retail store (100 yen for all products) in Japan. He started a survey in all stores of this kind and was impressed by Can Do. Therefore, he is interested in buying franchise to perform the business in Thailand so as to provide good products under Japanese brand to Thai people. With affordable price for all products, he decided to contact the Headquarter of Can Do. Then, the joint venture is made.

The concept of Can Do shop in Thailand is to provide good quality of products imported from Japan and sell them at only one price (60 baht), and over 10,000 product types such as home devices, beauty products, food container, cleaning tools, stationery, handicraft, electronic tools, boxes, baskets, festive products, etc. The first branch of Can Do is located at Future Park Rangsit which was opened on 19 December 2015.

The target customers cover teenagers, students, housewives, working age groups.

As of 31 December 2017, Can Do has totally 4 branches as follows :

- Future Park Rangsit (175 sq.m.)
- Seacon Square (120 sq.m.)
- Pasio Park Kanchanapisek (130 sq.m.)
- Home Pro Rattanathibet (140 sq.m.)

Additionally, ECFH also operated the energy business in short period during 2015-2016 by investing in the alternative energy of solar power plant project of ECF Tornado Energy Godo Kaisha (“ECF Tornado”), to support the investment expansion in Japan for solar farm project with 1.5 MW of approximate installed production capacity. The Project is located at No. 1737, Kaminoyama, Kamiya, Tokotomi-Cho, Himeiji City, Hyogo, Japan. ECFH held 51% of total shares or invested value in the Project and its commercial operation date of this solar farm project has been started since 21 December 2015. Later, in September 2016, ECF Holding Co., Ltd. decided to sell invested asset in ECF Tornado in the proportion of 51% to Capital Inc. Capital Inc. is the juristic person which has been registered for incorporation since 1983 to operate real estate business, solar energy and other energy business in Japan. Sales Contract of Asset was entered on 19 August 2016. The sold asset’s selling price from related tax was Baht 82.19 million as the selling price under best condition when compared with total of other five proposers for sales; or as approximately 43.94% of profit when compared with investment cost. The cause of decision making for sales of the said asset was due to the consideration from profit that will be gained when compared with approximately 8% per annum of return on investment from project operation for 20 years of the project operation duration. After completion of the return of investment and profit from sales of asset to shareholders on 29 September 2016, ECF Tornado has currently completed the procedure of winding up registration since last 22 February 2017. Therefore, presently, ECFH does not operate the energy business anyhow.

Alternative Energy Business

With the aim to expand the business to the alternative energy business and to restructure the business structure of the company group as well as make clearer view of investment in energy business, The Board of Director Meeting No. 1/2017 on 12 January 2017 approved the establishment of one additional subsidiary, namely, ECF Power Co., Ltd. (“ECF-P”) as an investor in all types of renewable energy business such as biomass power plant, solar power plant, and others. The Company registered the establishment of ECF Power Company Limited on 16 January 2017. East Coast Furnitech Public Co., Ltd. is holding 99.99% of total shares, the initial registered capital was Baht 1.00 Million and presently, its registered capital is Baht 522,652,500 divided into 52,265,250 shares with a par value of Baht 10.00 each. The paid-up capital is 454,252,500 Baht

- **Biomass Power Plant**

In 2017, the Company significantly expanded its investment in the renewable energy business. Later, ECF-P joined the investment in SAFE Energy Holdings Company Limited (“SAFE”) in the proportion of 33.37%. Presently, SAFE has a registered capital of Baht 426,000,000, divided into 4,260,000 ordinary shares with a par value of Baht 100 per share, fully paid-up. SAFE was registered and established on 7 February, 2017 with the objective to invest in a biomass power plant.

Presently, SAFE is investing in many companies related to biomass power plant as following details:

- Prize of Wood Green Energy Co., Ltd. (“PWGE”) : SAFE has acquired 99.99% of the total issued share capital of PWGE, it currently operates a biomass power plant with the capacity of 7.5 megawatts, located at Waeng District, Narathiwat Province. PWGE power plant project has generated revenue from the sale of electricity since June 27, 2017.

At present, PWGE has a registered share capital of Baht 85,000,000 divided into 8,500,000 ordinary shares with a par value of Baht 10 each, fully paid up.

- SAFE Biomass Co., Ltd. (“SAFE-B”): SAFE is holding 99.99% of total registered capital of SAFE-B, at present, it operates wood chopping plant business to supply as material such as Wood Chip to PWGE power plant for using as raw material in power generation.

Presently SAFE-B has registered capital at 100,000,000 Baht, divided into 10,000,000 ordinary shares at par value of 10 Baht each, fully paid-up.

- Bina Puri Power (Thailand) Co., Ltd. (“BINA”): SAFE holds share for 49 % of total registered capital in BINA, presently, it operates biomass power plant business with gasification system for 2-megawatt capacity, its business consists of 2 projects, 1 megawatt each. One project is located in Long District, Phrae Province and another project is located in Sung Men District, Phrae Province. It is expected to start commercial power supply in the 1st quarter of 2018 for the first project at Long District.

Presently, BINA has registered capital of 55,000,000 Baht, divided into 5,500,000 ordinary shares at par value of 10 Baht each, fully paid-up.

- **Solar Power Plant**

During 2017, the Company expanded its investment in solar power plants with the total installed capacity at 220 MW and has a capacity of 170 MW for Green Earth Power (Thailand) Co., Ltd. (“Minbu Power Plant Project” or “GEP”) located in Minbu City, Magway District, Republic of the Union of Myanmar (“Myanmar”). ECF Power Co., Ltd. (“ECF-P”), a 99.99% subsidiary of the Company, invested to buy shares of this project in the portion of 20%.

The Company purchased the existing ordinary shares of GEP for 51,512 shares or representing 20% of GEP’s total paid-up shares, as approved by the Extraordinary General Meeting of Shareholders No. 1/2017 held on 31 May 2016, with value of USD 9 Million. The total value of the Minbu power plant project is USD 292.62 Million, with a debt to equity ratio of 65: 35. Therefore, ECF-P has the obligation to increase its capital in accordance with the shareholding proportion at 20% or USD 20.22 Million.

Presently, GEP has registered capital of 125,755,800 Baht, divided into 1,257,558 shares at a par value of 100 Baht per share and the paid-up registered capital is equal to 62,755,800 Baht, its project is under construction of solar power plant at Magway District, Minbu City, Myanmar with the installed production capacity of 220 Megawatts. It is expected to start generating revenue from commercial electricity for 50 megawatts, which is the first phase within the third quarter of 2018, from all four phases which will be gradually constructed over a period not exceeding 4 years or by 2021.

GEP has one subsidiary, namely, GEP (Myanmar) Co., Ltd. (“GEP-Myanmar”), which is a sole investment in GEP-Myanmar. GEP-Myanmar was incorporated as a national company of Myanmar with a registered capital of USD 500 Million. These shares are divided into 500,000,000 ordinary shares with a par value of USD 1 each. Its paid-up capital is USD 5.398 Million, or approximately Baht 176.29 Million in accordance with the exchange rate announced by the Bank of Thailand as of December 29, 2017. GEP has a 100% shareholding in GEP-Myanmar or 100.00% of total paid-up registered capital. The objective is to operate business in developing and managing Solar power plant project In Myanmar, the total installed capacity is 220 MW and the production capacity is 170 MW.

GEP-Myanmar entered into the Power Purchase Agreement (PPA) with Electric Power Generation Enterprise (“EPGE”) (previously, Myanmar Electric Power Enterprise) which is an organization under the

Ministry of Electricity and Energy of Myanmar. Main content of agreement is to develop, construct, seek for fund source, manage and administer, maintain and transfer of business, EPGE will purchase electricity from the solar power plant project with install production capacity of 220 MW or the ratio of maximum power purchase at 170 MW, the plant is located in Minbu City, Magway District, Myanmar, for 30 years from the Commercial Operation Date (“COD”) of the Phase 1 project from total 4 phases. The rate of power price is fixed at 0.1275 USD per unit throughout the term of PPA including the renewal of PPA which may be occurred. The power generation will be divided into 4 phases based on the maximum ratio of power generation which will be generated in each phase as follows:

Phase 1 Maximum trading ratio: 40 MW from installed production capacity of 50 MW.
 Phase 2 Maximum trading ratio: 80 MW from installed production capacity of 100 MW.
 Phase 3 Maximum trading ratio: 120 MW from installed production capacity of 150 MW.
 Phase 4 Maximum trading ratio: 170 MW from installed production capacity of 220 MW.

After the first phase started COD, following phases are expected of their COD by 360 days.

For the investment in the solar power plant business for other additional projects, the resolution of the Board of Director Meeting No. 15/2017 on 18 December 2017 approved the feasibility study on the investment of solar power plant project of CR Solar Co., Ltd. (“CRS”) with capacity of 1 megawatt, located in Thoen District, Lampang Province instead of the investment in biomass power plant project of True Energy Power Lopburi Co., Ltd. (“TRUE-P”). The Company had made the feasibility study but it is impossible to make a deal of investment.

The Company will review the status of the Company for 60 days from the date that the Company received the complete information from CRS, such as financial statements, power purchase agreements and licenses, and will conduct a feasibility study and decide on the investment in such solar power plant projects as following stages. The Company will enter into the Takeover Agreement within 3 months from the date of signing the memorandum of understanding signed between the Company and CRS on December 22, 2017.

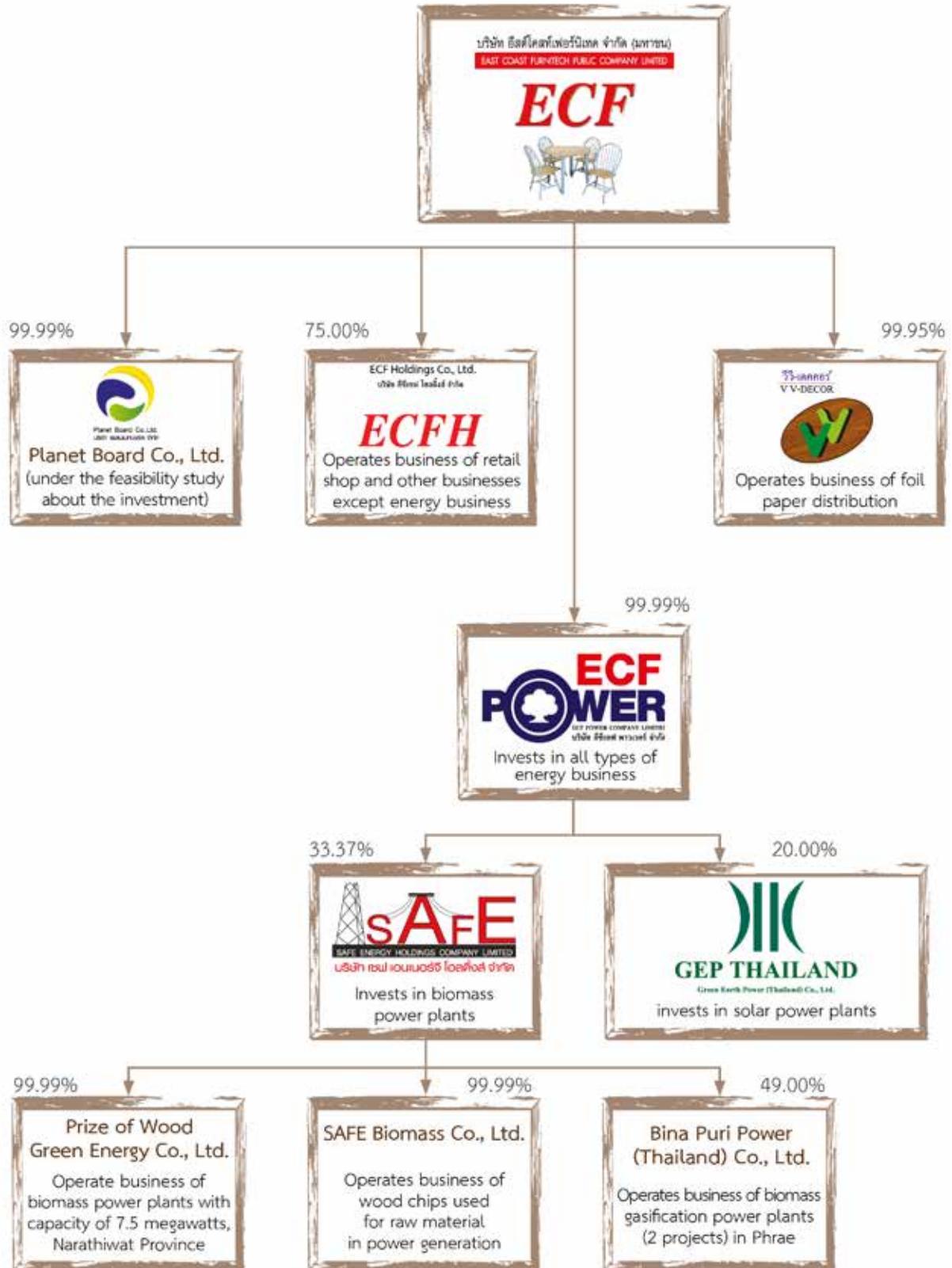
For the investment in renewable energy business, presently, the Company is considering the possibility of investment in both biomass power plant project and several solar power projects, and it has not yet been concluded.

- Wood-Based Panel Business which is under consideration of feasibility study for investment

The Board of Directors Meeting No. 13/2017 held on 27 October 2017 had a resolution to approve the establishment of one additional subsidiary which the Company shall hold 99.99% of total shares, namely, Planet Board Company Limited. Its registered capital is Baht 50,000,000 divided into 10,000,000 ordinary shares with a par value of Baht 5.00 per share and its paid-up capital is Baht 12,500,000 divided into 10,000,000 ordinary shares with a par value of Baht 1.25 each. The objective is to establish a wood-based panel business such as MDF Board and Particle Board. Its production capacity is expected to reach 600-800 cubic meters per day and as for the establishment of the company for the investment as objectives set out above, the Company is still in the process of feasibility study including benefits to the Company and the Company’s shareholders. If the Company has any progress or any additional information about the investment in Planet Board Co., Ltd., the Company will report the progress or additional information to the Stock Exchange of Thailand and disseminate the information to shareholders and investors as well as comply with the rules relating to the entering into the transaction.

Presently, the structure of East Coast Furnitech Group can be summarized as follows:

The Structure of East Coast Furnitech Group



History and Significant Developments

History

The Company registered its establishment on 12 October 1999 with the initial registered capital of 6,000,000 Baht (Six Million Baht Only), in the beginning of its establishment, the objective is to operate business as a manufacturer and distributor of self-assembled particle board furniture under the management of the group of Thai businessmen led by Mr.Wanlop Suksawad, as the current major shareholder, and the Suksawad family, who are the founder and pioneer of furniture manufacturing and distribution business since 1992.

In 1992, the management team or the Suksawad family have established East Coast Industry Co., Ltd. (ECI) to operate the business of sawmill and wood drying factory for processed rubber wood as well as manufacturing and distributing rubber wood. In 1996, East Coast Design Co., Ltd. (ECD) was established to operate main business as the manufacturer and distributor of furniture both domestically and internationally and importing or exporting all types of furniture including related materials and equipment. ECI moved its production base from the manufacturer and distributor of rubber wood furniture from ECI to ECD. As a result, ECI changed its main business model to be the sole distributor of furniture by taking care of marketing and being responsible for branches and showrooms for exhibitions and distribution of products under the brand ELEGA which is the brand for rubber wood furniture and furniture ordered from both domestic and overseas. Later, in 1999, the Company established East Coast Furnitech Co., Ltd. (ECF) to operate business as a manufacturer and distributor of self-assembled particle board furniture. At that time, the popularity of furniture in particle board furniture was dramatically increasing. After that, in 2002, two companies were established, one company was V-Chats Decor Co., Ltd (VCD) which operate its business as a manufacturer and distributor of foil paper and in providing service of edge cutting ZPVC) for selling to general furniture factories. Another company is V-Chats Industry Co., Ltd (VCI) which operates business as a manufacturer and distributor of dried rubber wood and moved the production base from ECD to VCI.

At that time, the shareholding structure of East Coast Industry Company Limited (ECI), East Coast Design Company Limited (ECD), East Coast Furnitech Company Limited (ECF), V-Chats Decor Company Limited (VCD) and V-Chats Industry Company Limited (VCI), consisting of Suksawad family as the shareholders of 99.99% of shares and as directors, executives and persons authorizing and controlling the Company.

The reason of establishing many companies in such manner is for the benefit of Board of Investment (BOI) promotion. The establishment of this group of companies, collectively known as the East Coast Group, can be summarized of the nature of the business operation prior to the restructuring of the Group during 2010 as follows:

Company	Type of Business
1. East Coast Furnitech Co., Ltd. (ECF)	Manufacture and Distribute Particle Board Furniture
2. East Coast Design Co., Ltd. (ECD)	Manufacture and Distribute Rubber Wood Furniture
3. East Coast Industry Co., Ltd. (ECI)	Trading Business of Rubber Wood Furniture manufactured by the Company and Real Wood Furniture purchased from domestic and imported from overseas; and sold via showrooms which are rented by the Company.
4. V-Chats Decor Co., Ltd. (VCD)	Manufacture and Distribute Foil Paper and Give Service of Edge Cutting (PVC) to be used in furniture assembly.
5. V-Chats Industry Co., Ltd. (VCI)	Manufacture and Distribute Dried Rubber Wood

Later in 2010, the management of the East Coast Group had planned to prepare the Company to be transformed into listed company in the Market for Alternative Investment (MAI), the Company has restructured its business and financial operations within the new East Coast Group. Four companies (ECD, ECI, VCD and VCI) are under the control of the Company through the acquisition of assets used in the business of each company to gather at East Coast Furnitech (ECF) Company Limited only, at the purchase price for buildings and machineries based on the valuation methodology proceeded by the asset appraisal company approved by the Office of the Securities and Exchange Commission (SEC Office) to be an appraisal company for public purposes and the purchase price refers to the appraised price that is lower. At that time, such restructure was proceeded by taking into account the benefit being a listed company in the Market for Alternative Investment (MAI) Securities Market, the removal of connected transaction issues, the conflict of interest issues and the utmost effective business operation. Maximum performance is important. Also, the reason to choose East Coast Furnitech Co., Ltd. as the main company to prepare to become a listed company at that time is because the main business model is being a manufacturer and distributor of particle board furniture which had the continuous growth of sales revenue, the highest revenue from sales and better performance than other companies in the group. Moreover, there are BOI privileges remained while other companies already exercised their rights fully according to the promotion period.

After restructuring the new business, the Company has following business characteristics:

- Manufacturer and distributor of dried rubber wood which are mostly used as raw materials in the production of rubber wood furniture and some parts are sold to outsiders.
- Manufacturer and distributor of rubber wood furniture.
- Manufacturer and distributor of particle board furniture.
- Distributor of furniture (Trading) for rubber wood furniture manufactured by the Company including real wood furniture ordered in domestic and imported from overseas.
- Manufacturer of parts of furniture such as foil paper and give service of edge cutting (PVC) to be raw material of particle board-made furniture.

Significant Developments

1992 : The first company under the East Coast Group, namely, East Coast Industry Company Limited (ECI) was established to operate business of sawmill, drying wood factory, as well as manufacturing and distributing of rubber wood furniture at Ban Bung-Klaeng Road, Thang Kwian Subdistrict, Klaeng District, Rayong Province.

1996 : East Coast Group expanded its business to be a manufacturer of rubber wood furniture and particle board furniture by establishing East Coast Design Company Limited (ECD) as the second company of the group to operate such business by moving production base of the rubber wood furniture from ECI to ECD.

In the same year, the East Coast Group began to export its products to overseas markets such as Japan, the United States of America and countries in Western Europe.

1998 : The East Coast Group has expanded its furniture business to the domestic market by establishing the brand ELEGA to be the brand for rubber wood furniture manufactured by the Company and real wood furniture ordered from domestic and imported from overseas. The brand Leaf is also established to use as a brand for manufacturing and distributing to Home Pro at the same time to respond to government policies under the campaign of Thai product promotion at that time.

1999 : ECD has been selected by the Department of Export Promotion to use the Thailand's Brand logo to represent high quality export products.

ECD was awarded of the Prime Minister Award from the Ministry of Commerce. This is an award given to exporters with excellent performance and excellent product quality.

12 October: the East Coast Group expanded its business by establishing East Coast Furnitech Co., Ltd. (ECF) as the third company of the group with the initial registered capital of 6,000,000 Baht (Six Million Baht Only), divided into 60,000 ordinary shares with a par value of Baht 100 each, fully paid-up.

In the same year, in order to operate business as a factory manufacturing and distributing furniture made of particle board, the Company expanded more capacity than ever to support the number of wooden furniture sale which is continuously increased. In addition, the Company also used as reference to request the Board of Investment (BOI) privileges and ECF was granted by BOI for the manufacture of particle board / wooden sheet furniture.

2000 : 16 March: ECF increased its registered capital from 6,000,000 Baht to 13,080,000 Baht (Thirteen Million and Eighty Thousand Baht Only), divided into 130,080 ordinary shares with a par value of Baht 100 each, fully paid-up, to use as working capital of the company.

24 March: ECF was promoted by Board of Investment (BOI) for the manufacture of furniture by being granted of the exemption of corporate income tax for the net profit derived from promoted businesses for a period of 8 years and the reduction of income tax, juristic person for the net profit derived from promoted businesses at the rate of 50% for a period of 5 years.

2001 : ECD has been certified of ISO 9001 Quality Management Standard from the United Kingdom Accreditation Service (UKAS) for the manufacture of wooden furniture.

ECF has been certified of ISO 9001 Quality Management Standard from URS (United Registrar of Systems (Thailand) Ltd.) for wood furniture manufacturer.

13 December: ECF increased its registered capital from 13,080,000 Baht to 25,000,000 Baht (Twenty-Five Million Baht Only), divided into 250,000 ordinary shares with a par value of Baht 100 each, fully paid-up, to use as working capital of the Company.

2002 : The East Coast Group has expanded its production capacity and increased the quality of production by investing in hi-technology machinery, which used a large amount of investment in order to buy such machines, i.e Horizontal Sparing Machine, Vertical Spraying Robot Machine, etc.

In that year, the East Coast Group established two more companies: V-Chats Decor Co., Ltd. (VCD), the fourth company of the group to produce foil paper because ECF produces a number of particle board furniture and needs to import foil paper, then VCD was established to produce foil paper in order to control the quality of production by itself and produce foil paper to sell to ECF and general furniture manufacturing factories. Additionally, in the same year, the East Coast Group established V-Chats Industry Co., Ltd. (VCI) as the fifth company of the group to operate a saw mill, drying factory for rubber wood instead of ECI operation and ECI changed its business operations to be a trading of rubber wood furniture manufactured by the Company and real wood furniture ordered from domestic and imported from overseas. Both VCD and VCI expanded their investment to new land and plant construction. The area more than 54 Rais in Soi Chongko - Chumnumnai, Wang Chan Subdistrict, Wang Chan District, Rayong Province. Later, in 2012, it was registered as the first branch of the company.

2003 : ECI has expanded its distribution market by continuously establishing showrooms in the large-scaled retail shop. In 2003, the company expanded its showrooms to Index Living Mall and Home Pro.

2004 : ECD was awarded of the Outstanding Exporter of Products and Services of the Year 2004 for Thai Owned Design from the Ministry of Commerce.

ECF has been upgraded to the ISO 9001: 2000 Quality Standard from URS (United Registrar of Systems (Thailand) Ltd.) for wood furniture manufacturer.

2010 : 1 October: the East Coast Group started to restructure its operations from all five companies within the group to remain only one company which is ECF. The restructure of the Group started with the purchase of all lands used in the business that was owned by the Company's directors to be owned by ECF, transfer of production line and finished goods, goods in process, raw materials, supplies, some machineries and equipment from 4 companies to be owned by ECF, including negotiation to reduce the amount of credit of companies in the group with the financial institution and transfer to increase the credit line of ECF as the repayment of debts within companies in the group to eliminate the problem of connected transactions and conflict of interest.

26 October: the Company increased its registered capital from Baht 25,000,000 to Baht 90,000,000 (Ninety Million Baht Only), divided into 900,000 ordinary shares with a par value of Baht 100 each, fully paid-up, to expand the investment and to use as working capital of the Company.

2011 : 9 February: the company was granted of Board of Investment (BOI) privileges in the manufacture of furniture by being exempted from corporate income tax for the net profit derived from promoted businesses for a period of 3 years.

10 February: the Company was granted of Board of Investment (BOI) privileges in the manufacture of foil paper by being exempted from corporate income tax for the net profit derived from promoted businesses for a period of 3 years.

11 May: The Company established VV Décor Co., Ltd. (V V-Décor) as a subsidiary and the Company holds 99.95% of shares with registered capital of 1,000,000 Baht (One Million Baht Only), divided into 10,000 ordinary shares with a par value of Baht 100 each by calling fully paid-up. VV Décor was established to be a trading company for ECF as a supplier of foil paper to some of the Company's clients.

The East Coast Group continued its restructuring, during 2011, the Company additionally carried out the transfer of remaining buildings, machineries and equipment and other fixed assets, transferred of credit limit with financial institutions which the outstanding debt was remained to ECF including the transfer of employees from 4 companies to be employees of ECF. As of 30 June, the East Coast Group has restructured its business operations by remaining only ECF to solely operate business and prepared itself to transform into a public company.

4 November: the Company increased its registered capital from Baht 90,000,000 to Baht 100,000,000 (One Hundred Million Baht Only), divided into 1,000,000 ordinary shares with a par value of Baht 100 each, to use as working capital of the Company.

2012 : In July, the company began to expand its distribution channels to retail shops (Dealer) to help strengthen sales growth under the brand Costa.

11 October, 2012: the Extraordinary General Meeting of Shareholders No. 12/2012 resolved to approve the change of the par value of the Company's shares from the par value of Baht 100 per share to the par value of Baht 0.25 per share and the change of the number of shares with the registered capital of Baht 100,000,000, divided into 400,000,000 ordinary shares with a par value of Baht 0.25 each. In addition, the Company has approved the increase of the Company's registered capital from Baht 100,000,000 to be Baht 130,000,000 (One Hundred and Thirty Million Baht Only), divided into 520,000,000 ordinary shares with a par value of Baht 0.25 per share, there were 120,000,000 ordinary shares to be allocated to offer to the public.

18 October 2012: the Company has registered to transform its status from a limited company to be a public limited company and changed its name to be East Coast Furnitech Public Company Limited (ECF).

2013 : 26 March: the Company began trading in Market for Alternative Investment (MAI) First Trading Day.

In October, the Company began to expand its distribution channels to Mega Home which is the home and building material distribution center for both retail and wholesale in order to help increase sales growth under the brand a7.

31 December: the Company had rental space to be used as showrooms and exhibitions in Index Living Mall, totally 11 branches and showrooms inside Home Pro, totally 3 branches.

2014 : The Extraordinary General Meeting of Shareholders No. 1/2014 held on July 18, 2014 resolved to approve the increase of the registered capital from Baht 130,000,000 to be Baht 195,000,000 with a par value of Baht 0.25 per share, and the amendment of Clause 4 of the Memorandum of

Association to be complied with the increase of the Company's registered capital to the Public Limited Company Registrar, Department of Business Development, Ministry of Commerce. It was completed on August 8, 2557. Therefore, the Company has a registered capital of Baht 195,000,000, divided into 780,000,000 ordinary shares with a par value of Baht 0.25 per share. The registered and fully paid-up capital is Baht 130,000,000 divided into 520,000,000 ordinary shares with a par value of Baht 0.25 per share. The paid-up capital is Baht 65,000,000 divided into 260,000,000 shares with a par value of 0.25 Baht each. This allocation is to support the exercise of warrants No. 1 (ECF-W1).

18 August: The Stock Exchange of Thailand was notified of the Warrant No. 1 to be registered securities and the first trading day was on same day.

18 September: the Company affixed the signature in Memorandum of Understanding (MOU) for joint business operation of PV Solar Rooftop Power Plant with Gunkul Engineering Public Company Limited (GUNKUL). The Company and GUNKUL will jointly incorporate joint venture to support project development in the proportion of 74.99 : 25.01%, respectively. The Company shall be responsible for supply of leasehold and/or right to use roof area for installation of solar cells as submission support as the proposer of power for sales, management and supply of capital source, and GUNKUL shall be responsible for service of supply of equipment, procurement and construction for PV Solar Rooftop Power Generation Project so that the project can be implemented according to Power Purchase Agreement (PPA) and being the service provider of management and maintenance under the operation. Both parties have duty to apply for license of the proposer for sales of power with the Provincial Electricity Authority (PEA) or the Metropolitan Electricity Authority (MEA) as the case may be.

In October, the Company started to sell its products to Thai Wasadu to expand its distribution channels under the brand HASTA

The Board of Director Meeting No. 6/2014 held on November 8, 2014 approved the Company to invest in the establishment of six new subsidiaries to operate Solar PV Rooftop power generation). The objective of the establishment of subsidiaries is to prepare for the bid for the purchase of electricity from PV Solar Rooftop Power Plant as announced by the Energy Regulatory Commission on the purchase of electricity from PV solar rooftop power generation, currently, it is waiting for the policy from government regarding the bidding period for the sale of electricity.

2015 : 23 February: the Company established ECF Holdings Company Limited to operate the business of holding company. Presently, the Company has a registered capital of 10,000,000 Baht (Ten Million Baht Only), divided into 100,000 ordinary shares (Ten Thousand Shares) with a par value of Baht 100 each (One Hundred Baht).

27 February: the Board of Director Meeting No. 2/2015 resolved to approve the establishment of a new indirect subsidiary in Japan, namely, ECF Tornado Energy Godo Kaisha, to support the expansion of investment in Japan. The Solar Power Plant has the installed production capacity approximately 1.5 megawatts and it is located at 1737 Kodani, Toyotomi-cho, Himeji city, Hyogo, Japan, with a registered capital of 100,000 yen and ECFH holds shares of 51%, at present, the Company has already sold this project to other investors.

30 June: the Company entered into Memorandum of Understanding (MOU) for cooperation in the business of biomass power generation. The joint venture will be established under the joint shareholding with other shareholders, including Fortune Parts Industry Public Company Limited (FPI), Wit Industry Company Limited, and other operators of wood plant or sawmills in the area located of each power plant project. Subsequently, 20 November, 2015, the Board of Director Meeting No. 7/2015 resolved to approve ECF Holdings Co., Ltd. on behalf of a subsidiary to invest in the Biomass Power Plant by becoming a shareholder in 5 new joint ventures to participate in the auction, selection and authorizing the sale of electricity to acquire Purchase Power Agreement (PPA) with the Provincial Electricity Authority (PEA) or the Electricity Generating Authority of Thailand (EGAT). Thailand (EGAT), as the case may be, in accordance with the Notification of the Energy Regulatory Commission (ERC) on the criteria for the purchase of electricity from renewable energy manufacturers, the company is currently in the process of waiting for the government's policy to open the bidding for power offering. All 5 joint ventures consist of SAFE Energy Group (Narathiwat 1) Co., Ltd., SAFE Energy Group (Narathiwat 2) Co., Ltd., SAFE Energy Group (Yala 1) Co., Ltd., SAFE Energy Group (Pattani) Co., Ltd., and SAFE Energy Group (Songkhla) Co., Ltd. Presently, the liquidation of these four companies has been completed because it is failure to pass an auction to obtain a power purchase agreement from the government.

In October, the Company began to distribute its products to retailers such as Do Home under the brand My Fur.

9 December: ECFH, as a subsidiary, entered into a franchise agreement with Can Do Company Limited (Can Do), Japan. ECFH will be permitted to use the trade mark, store format, shop and order management system from Can Do, Japan. The objective is to operate domestic business in the form of one-price shop (100 yen stores originating in Japan) with a term of contract for 5 years.

19 December: the Company arranged the Official Grand Opening for the first branch of Can Do shop at Future Park Rangsit, with an area of 175 square meters.

2016 : 11 December: the Board of Director Meeting No. 9/2016 approved following major resolution:

- o Approval of ECF Holdings Co., Ltd. as a subsidiary to invest in a new joint venture that will be incorporated to invest in the biomass power plant business under the name of a new joint venture which is SAFE Energy Holdings Company Limited (SAFE) with the initial registered capital of Baht 1,000,000 (One Million Baht Only), divided into 10,000 ordinary shares with a par value of Baht 100 each. The Company will hold 49.98% of total shares and this joint venture was registered and established on 7 February 2017.

2017 : 12 January: The Board of Directors Meeting No. 1/2017 approved the restructuring of East Coast Furnitech Group of companies and approved to established additional 1 subsidiary which is ECF Power Co., Ltd. to invest in energy business instead of ECF Holdings Co., Ltd. with the initial registered capital of 1,000,000 Baht (One Million Baht Only), divided into 100,000 ordinary shares at a par value of 10 Baht each, the Company will hold 99.99% of shares. Subsequently, it was incorporated on January 16, 2017, the Company has set ECFH business policy to invest in and operate the retail business such as Can Do Shop, the shop selling products at a single price or any other business that may happen in the future excluding the energy business.

13 February : The Board of Directors Meeting No. 2/2017 had a resolution to approve the investment in biomass power plant project of Prize of Wood Green Energy Co., Ltd. (Project or PWGE), located at No. 149 Moo 3, Kayu Khla Subdistrict, Waeng District, Narathiwat Province, with the installed production capacity of 7.5 megawatts, through SAFE Energy Holdings Co., Ltd. (SAFE) which is the joint venture of the Company (ECF Power Co., Ltd. (ECF-P) which is the subsidiary of the Company holds shares in SAFE, currently holding in the proportion of 33.37%, such proportion is decreased from 49.98% due to selling shares to new investor group who invests in SAFE, namely, Prize of Wood Green Energy Co., Ltd. (PWGE). PWGE, the existing shareholder of PWGE power plant project, holds 33.26% of SAFE shares), to buy ordinary shares from the project's shareholder (99.99%), total value of investment for the whole project is not over than 425,000,000 Baht (The investment of ECF-P equals to 141,652,500 Baht). At present, ECF-P has registered capital of 522,652,500 Baht, divided into 52,265,250 shares at a par value of 10.00 Baht each and has paid-up registered capital of 454,252,500 Baht while SAFE has registered capital of 426,000,000 Baht, divided into 4,260,000 ordinary shares at a par value of 100 Baht each, fully paid-up.

3 April: The Board of Directors Meeting No. 6/2017 had a resolution to approve the investment in solar power plant with the total installed capacity at 220 MW of Green Earth Power (Thailand) Co., Ltd. (Minbu Power Plant Project or GEP) located in Minbu City, Magway District, Republic of the Union of Myanmar (Myanmar). ECF Power Co., Ltd. (ECF-P), a 99.99% subsidiary of the Company, invested to buy shares of this project in the portion of 20%, later in the extraordinary meeting of shareholders No. 1/2017 on 31 May 2017 had a resolution to approve the purchase of GEP's ordinary shares.

15 June: The Board of Directors Meeting No. 8/2017 had an important resolution for the transaction of asset acquisition consisting of totally 2 projects, the meeting considered and approved to invest in many companies through ECF Power Co., Ltd. as a subsidiary which the Company holds 99.99% of total shares, and SAFE Energy Holdings Co., Ltd. (SAFE) as the joint venture which the subsidiary holds 33.37% of shares in the total investment value of 50.62 Million Baht such as the investment in buying shares of SAFE Biomass Co., Ltd. in the proportion of 100% and SAFE on behalf of joint venture invests in the operation of wood chopping plant, located in Waeng District, Narathiwat Province with the investment value of 33.37 Million Baht from total investment value of 100 Million; and invested in buying shares of Bina Puri Power (Thailand) Co., Ltd. in the proportion of 49%, SAFE, on behalf of joint venture, invests in operating business of biomass power plant with Gasification technology sized 2 megawatts, 1 megawatt per each project, one project is located in Long District, Phrae Province and another project is located in Sung Men District, Phrae Province. The investment value is 17.25 Million Baht from total investment value of 105.495 Million Baht.

27 June: The biomass power plant project of Prize of Wood Green Energy Co., Ltd. (Project or PWGE), Narathiwat Province, with the capacity of 7.5 megawatts had started to realize the commercial power distribution by investing in PWGE. It is the investment through ECF Power Co., Ltd. on behalf of subsidiary which the Company holds 99.99% of shares and SAFE Energy Holdings Co., Ltd.

(SAFE) on behalf of subsidiary which the Company holds 33.37 % of shares, and SAFE had started to realize profit share from investment since 1 July 2017.

27 October: The Board of Directors Meeting No. 13/2017 had a resolution to approve the establishment of one additional subsidiary which the Company shall hold 99.99% of total shares, namely, Planet Board Company Limited. Its registered capital is Baht 50.00 Million divided into 10,000,000 ordinary shares with a par value of Baht 5.00 per share and its paid-up capital is Baht 12.50 Million. The objective is to establish a wood-based panel business such as MDF Board and Partition Board, it is under feasibility study.

18 December: the Board of Director Meeting No. 15/2017 on 18 December 2017 approved the feasibility study on the investment of solar power plant project of CR Solar Co., Ltd. (CRS) with capacity of 1 megawatt, located in Thoen District, Lampang Province instead of the investment in biomass power plant project of True Energy Power Lopburi Co., Ltd. (TRUE-P). The Company had made the feasibility study but it is impossible to make a deal of investment. CRS shares has been holding by Inter Far East Energy Corporation Public Company Limited (IFEC) with the proportion of 99.99% while the Company is studying and verifying the project value, return of investment ratio, risks, and other information related to the project and other matters related to the project acquisition as well as the competency of seller in entering the project selling transaction and delivery of traded assets including complying with conditions in trading agreement.

Type of Business

The business operated by East Coast Furnitech Public Company Limited and W Décor Company Limited as the subsidiary of the Company held by 99.95% of total shares

Furniture Business

East Coast Furnitech Public Company Limited (ECF) is a manufacturer and distributor of furniture made of particle board and rubber wood, foil paper, dried rubber wood using as a raw material for furniture manufacturing, a distributor of rubber wood furniture manufactured by ECF and of wood furniture manufactured by other domestic and oversea, and a service provider in cutting of pasting edge (PVC) using as a raw material for particle board furniture.

W-Décor Co., Ltd. is one of subsidiaries which the company holds 99.95 percent of the registered capital. It has registered capital of 1,000,000 Baht with fully paid-up. It operates its business as trading of foil paper to some customers of the Company.

Product line of ECF and its subsidiaries can categorize into 5 types which are related to Furniture:

- Rubber wood furniture
- Particle board furniture
- Furniture distributed through showroom, wholesale shops and retail shops
- Foil paper
- Dried rubber wood

The Company has main revenue from manufacturing and distribution of made-to-order for foreign customers, and from the manufacturing and distribution of the Company brand such as particle board furniture and rubber wood furniture to domestic customers consisting of modern trades such as Tesco Lotus, Big C, Home Pro, Mega Home, Thai Wasadu and Winner.

Oversea customers are made-to-order customers who are various furniture distributors and large modern trade companies in Japan. Revenue from sale is mostly from Japan consist of 50% of total sale revenue. The Company has emphasized the expansion of foreign customer base to customers in countries under AEC (Asian Economic Community), the Company will export products to AEC customers under the Brand “My Fur”.

Diagram About the Countries of Customers



The secondary revenue ratio is the revenue from manufacturing and distribution in domestic market. Brands that the Company manufactures and distributes to modern trade comprise of in-house brands which are Fur Direct Leaf a7 and HASTA. They are the brands that ECF manufactures to Big C, Home Pro, Mega Home and Thai Wasadu, respectively. Moreover, the products sold to Tesco Lotus will be manufactured and use Tesco Lotus and Winner’s brands.

The Brand ELEGA is the brand that the Company uses for the distribution in showroom and exhibit its product which distributes only rubber wood furniture manufactured by ECF and real wood furniture acquired from domestic and oversea. As of December 31, 2017, The Company’s showrooms located in Index Living Mall and Home Pro are total of 14 branches and 2 branches, respectively. Apart from the distribution channels mentioned above, ECF also has the revenue from furniture distributing to the group of wholesalers and retailers under the brand Costa.

For Finna House brand launched in 2015, the objective of the brand is to distribute products in furniture product group manufactured under the copyright of Disney cartoon design on behalf of the copyright purchasing company as the franchisee in use of Disney cartoon design for use with furniture products. At this moment, it has just been the sole franchisee in Thailand. At present, Finna House has had two showrooms located on rental area of HomePro, Market Village Suvarnabhumi for one branch and The Walk Ratchapruek for one branch.

Company's Brands

Brand	Symbol	Distribution Channel
ELEGA		Used for distributing all solid wood furniture that produced by our own factory or imported from overseas. This brand is used for Showroom ELEGA.
Finna House		Used for distributing furniture that produced under license from Disney. This brand is used for Showroom Finna House.
Fur Direct		Used for distributing furniture to Big C
Leaf		Used for distributing furniture to Home Pro
a7		Used for distributing furniture to Mega Home
Hasta		Used for distributing furniture to Thai Wasadu
Costa		Used for distributing furniture to wholesaler and retailer all over the country.
My Fur		Used for exporting furniture to countries under AEC

Showroom “ELEGA”

The Company's showrooms located in Index Living Mall and Home Pro are total of 14 branches and 4 branches, respectively.

As of December 31, 2017, rental areas of ELEGA in Index Living Mall comprise of Bang Na, Rattana Thibet, Rangsit, Pattaya, Bang Yai, Chonburi, Chiang Mai, Ratchapruet, Kaset-Nawamin, Nakorn Ratchasima, Hat Yai 1, Hat Yai 2, Suratthani and Rayong, total 14 branches.

As of December 31, 2017, rental areas of ELEGA in Home Pro comprise of Chacheangsaio, Chaiyapruet, Nakhon Ratchasima and Phutthamonthon Sai 5, total 4 branches.

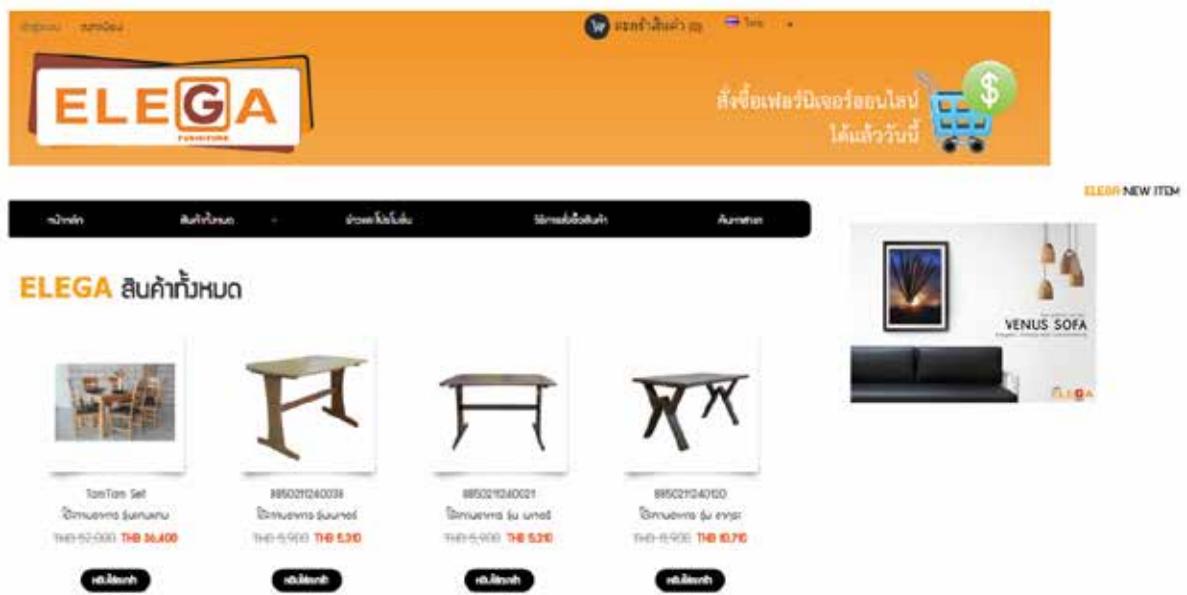


Showroom “Finna House”

As of December 31, 2017, rental areas of Finna House comprise of Home Pro Market Village Suvarnbhumi and The Walk Ratchapruek, total 2 branches.

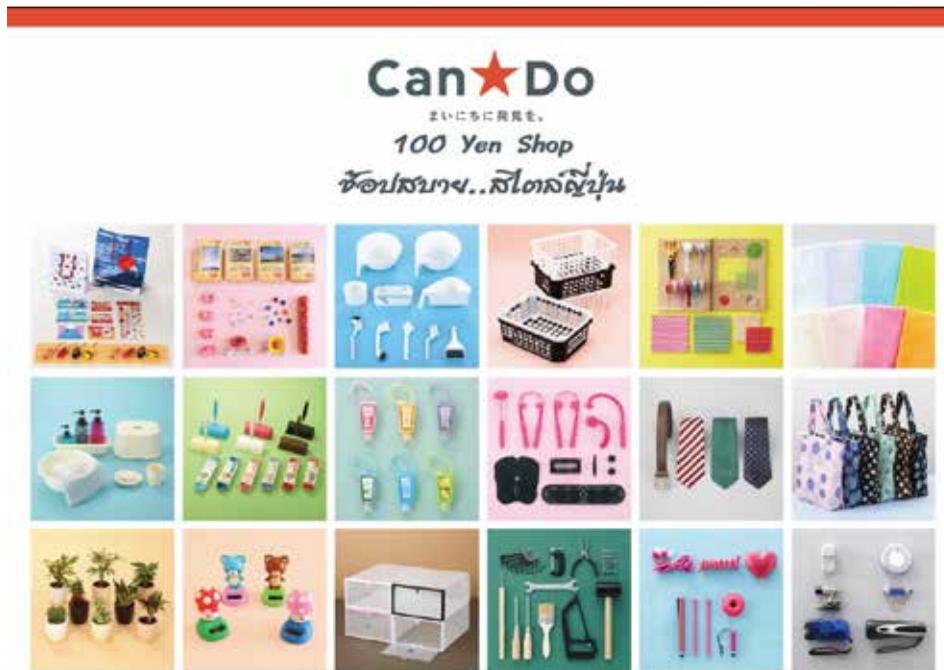


Online Distribution Channel via www.elegathai.com



The business operated by ECF Holding Company Limited as the subsidiary held by the Company 75% of total shares.

Retail Business : Can Do Shop



'Can Do' is a store selling all products at one price (100 yen). It originated in Japan, established by Can Do Co., Ltd., a registered company listed in Tokyo Stock Exchange. Its Headquarter is located at Shinjuku, Tokyo. The latest information of Can Do as of 30 November 2017, there are not less than 994 branches in Japan and all over the world, and its revenue is not lower than 68,829 Million Yen, it is continuously expanding in both number of branches and revenue amount from selling through all branches in Japan and overseas.

East Coast Furnitech Company Limited or ECF represented by Mr. Arak Suksawad, Managing Director, was interested in such retail store (100 yen for all products) in Japan. He started a survey in all stores of this kind and was impressed by Can Do. Therefore, he is interested in buying franchise to perform the business in Thailand so as to provide good products under Japanese brand to Thai people. With affordable price for all products, he decided to contact the Headquarter of ‘Can Do’. Then, the joint venture is made.

The concept of Can Do shop in Thailand is to provide good quality of products imported from Japan and sell them at only one price (60 Baht), and over ten thousand product types such as home devices, beauty products, food container, cleaning tools, stationery, handicraft, electronic tools, boxes, basket, festive products, etc.

The target customers cover teenagers, students, housewives, working age groups.

As of 31 December 2017, Can Do has totally 4 branches as follows:

- Future Park Rangsit (175 sq.m.)
- Seacon Square (120 sq.m.)
- Patio Park Kanchanapisek (130 sq.m.)
- Home Pro Rattanathibet (140 sq.m.)

Can Do – 100 Yen shop style



The business operated by ECF Power Company Limited as the subsidiary held by the Company 99.99% of total shares.

Alternative Energy Business

Biomass Power Plant

Presently, ECF Power Co., Ltd. (ECF-P) as the subsidiary invests in SAFE Energy Holdings Co., Ltd. (SAFE) which was registered and established on 7 February, 2017 with the registered capital starting at 1,000,000 Baht with the objective to invest in the biomass power plant business. At present, ECF-P is holding SAFE shares at 33.37% and SAFE has currently registered capital at 426,000,000 Baht, dividing into 4,260,000 ordinary shares at the par value of 100 Baht per share with fully paid amount. Following is the shareholding structure:

ECF Power Co., Ltd. (ECF-P)	1,421,525 shares, or 33.37%
Fortune Parts Industry Public Co., Ltd. (FPI)	1,421,525 shares, or 33.37%
Prize of Wood Holdings Co., Ltd.	1,416,950 shares, or 33.26%

Presently, SAFE has invested in many companies relating to biomass power plant business as following details:

Prize of Wood Green Energy Co., Ltd. (PWGE)

Prize of Wood Green Energy Co., Ltd. (PWGE) was registered and established on 26 July 2012, later, SAFE has invested for the whole project with no exceeding 425,000,000 Baht by following payment methods for PWGE shares:

- Ordinary shares in PWGE for not exceeding 5,666,100 shares with cash payment for not exceeding 283,305,000 Baht and
- Ordinary shares in PWGE for not exceeding 2,833,900 shares with total value not exceeding 141,695,000 Baht and the payment is Share Swap, SAFE issued new ordinary shares of SAFE for not exceeding 1,416,950 shares at par value of 100 Baht per share with total amount not exceeding 141,695,000 Baht to existing shareholders of PWGE in order to exchange PWGE shares which the existing shareholders are holding, the ratio of share swap is 2 shares of PWGE per 1 share of SAFE.

SAFE has acquired 99.99% of the total issued share capital of PWGE, at present, PWGE has a registered share capital of Baht 85,000,000 divided into 8,500,000 ordinary shares with a par value of Baht 10 each, fully paid up.

PWGE operates a biomass power plant with the installed capacity of 7.5 megawatts, located at 43, 44 Moo 9, Kayu Khla Subdistrict, Waeng District, Narathiwat Province. The fuel used in the production is wood chip, with a volume of 283 tons per day. The PWGE power plant project has generated revenue from the sale of electricity since June 27, 2017.

Main contents of Power Purchase Agreement can be summarized as follows:

Agreement	Contract Date	Main Contents of Contract
Existing Power Purchase Agreement No. VSPP-PEA	24 December 2013	Between Prize of Wood Green Energy Co., Ltd. and Provincial Electricity Authority (PEA) PEA agreed to purchase and electricity manufacturer agreed to sell electricity for the maximum volume at 7 megawatts Electricity Purchase is at the installation point in Kayu Khla Subdistrict, Waeng District, Narathiwat Province
Later, the agreement has been amended to add the condition to purchase electricity from micro electricity manufacturer (for the power generation from renewable energy), Agreement No. VSPP-PEA 048/2556 Rev.1	28 July 2015	Between Prize of Wood Green Energy Co., Ltd. and Provincial Electricity Authority (PEA) Change from Adder to be Feed-in tariff (FIT) The Scheduled Commercial Operation Date (SCOD) was extended to be 18 January 2017 (later, PWGE requested to extend SCOD to be 10 April 2017 and this request was already approved). The agreement term is 20 years from the date of supplying power into the system Purchase price is 4.24 Baht per unit throughout 20 years by accepting FIT Premium at 0.3 Baht per unit and 0.50 Baht per unit for 8 years and 20 years, respectively.

SAFE Biomass Co., Ltd. (SAFE-B)

SAFE Biomass Co., Ltd. was registered and established on 5 July 2016, later, SAFE has invested 100 Million Baht for approximately 5 Rais of land including 8,700 square meters of building, all machineries used in production and all relevant permits of business operations. SAFE is holding 99.99% of total registered capital of SAFE-B. Presently SAFE-B has registered capital at 100,000,000 Baht, divided into 10,000,000 ordinary shares at par value of 10 Baht each, fully paid-up.

SAFE-B operates its business of wood chopping plant and send wood chip as raw material for power generation of PWGE power plant. SAFE-B rents the NS. 3K land No. 5393, Land No. 35, Book No. 54 Khor, Page 43 or approximately 4 Rais and 20 square wah, located on No. 43, 44 inside PWGE power plant, Moo 9 Kayu Khla Subdistrict, Waeng District, Narathiwat Province including one wood chopping and fuel storage building with the objective to use for business operation. The term of rent agreement is 3 years with the rental fee at 60,000 Baht per month. The renewal of contract shall be proceeded prior to the expiry of contract, both lessor and tenant jointly agreed that the renewal will be proceeded every 3 years and the renter agreed to allow the lessor to increase the rental fee for 10% every 3 years of contract renewal cycle.

SAFE-B wood chopping plant has an installed capacity of 60 tons per hour. Currently, the production capacity of PWGE is 12.12 tons per hour. In terms of the remaining installed production capacity, it will be used to produce wood chip for other potential power plant projects which may be added in the future including the business of chopping wood for external companies which have demands in the area adjacent to the wood chopping plant.

Bina Puri Power (Thailand) Co., Ltd. (BINA)

Bina Puri Power (Thailand) Co., Ltd. (BINA) was registered and established on 11 December 2012, later, SAFE has invested 105.495 Million Baht as following details:

Project in Long District, Phrae Province: investment value of 45.495 Million Baht for approximately 5 Rais of land, building and structure, all machineries used in production, power purchase agreement including all relevant permits of business operations.

Project in Sung Men District, Phrae Province: investment value of 60 Million Baht for approximately 5 Rais of land, building and structure, all machineries used in production, power purchase agreement including all relevant permits of business operations.

SAFE holds share for 49 % of total registered capital in BINA, presently, BINA has registered capital of 55,000,000 Baht, divided into 5,500,000 ordinary shares at par value of 10 Baht each, fully paid-up.

BINA operated power plant business with Gasification system for 2-megawatt capacity, its business consists of 2 projects, 1 megawatt each. One project is located in Long District, Phrae Province and another project is located in Sung Men District, Phrae Province. Presently, both plants are under construction, the first project in Long District is expected to start commercial power supply in the 1st quarter of 2018 and the 2nd project in Sung Men District will be in December of 2018.

The main contents of Power Purchase Agreement can be summarized as follows:

- Agreement Parties are Bina Puri Power (Thailand) Co., Ltd. and Provincial Electricity Authority (PEA).
- PEA agreed to purchase and electricity manufacturer agreed to sell electricity for the maximum volume at 0.92 megawatts per project.
- The agreement term is 20 years from the date of supplying power into the system.
- Purchase price is 5.84 Baht per unit for the first 8 years, after that the price will be changed to be 5.34 Baht per unit until the expiry of agreement and the power system will be Feed-in tariff (FiT).

Solar Power Plant

In 2015, the Company registered and established the indirect subsidiary in Japan, namely, ECF Tornado Energy Godo Kaisha (ECF Tornado), to support the investment expansion in Japan for solar farm project with 1.5 MW of approximate installed production capacity. The Project is located at No. 1737, Kaminoyama, Kamiya, Tokotomi-Cho, Himeiji City, Hyogo, Japan. ECF Holding Company Limited on behalf of the subsidiary holds 51% of total shares or invested value in the Project for approximately JPY 106,617,00 or approximately Baht 29.52 million to help build growth to the Company and diversify business operation risk. The commercial operation date of this solar farm project has been from 21 December 2015.

Later, in September 2016, ECF Holding Co., Ltd. decided to sell invested asset in ECF Tornado in the proportion of 51% to Capital Inc. Capital Inc. is the juristic person which has been registered for incorporation since 1983 to operate real estate business, solar energy and other energy business in Japan. Sales Contract of Asset was entered on 19 August 2016. The sold asset's selling price from related tax was Baht 82.19 million as the selling price under best condition when compared with total of other five proposers for sales; or as approximately 43.94% of profit when compared with investment cost. The cause of decision making for sales of the said asset was due to the consideration from profit that will be gained when compared with approximately 8% per annum of return on investment from project operation for 20 years of the project operation duration. After completion of the return of investment and profit from sales of asset to shareholders on 29 September 2016, ECF Tornado has currently completed the procedure of winding up registration since last 22 February 2017.

After the business restructuring through the establishment of ECF Power Co., Ltd. as an investor in the renewable energy business, ECF Holdings Company Limited ended its role as a subsidiary for the investment in energy business. Presently, it operates only one business in Can Do retail shops in the form of one-price shop.

During 2017, the Company expanded its investment in solar power plants with the total installed capacity at 220 MW and has a capacity of 170 MW for Green Earth Power (Thailand) Co., Ltd. (Minbu Power Plant Project or GEP) located in Minbu City, Magway District, Republic of the Union of Myanmar (Myanmar). ECF Power Co., Ltd. (ECF-P), a 99.99% subsidiary of the Company, invested to buy shares of this project in the portion of 20%, the Company purchased the existing ordinary shares of GEP for 51,512 shares or representing 20% of GEP's total paid-up shares, as approved by the Extraordinary General Meeting of Shareholders No. 1/2017 held on 31 May 2016, with value of USD 9 Million. The total value of the Minbu power plant project is USD 292.62 Million, with a debt to equity ratio of 65: 35. Therefore, ECF-P has the obligation to increase its capital in accordance with the shareholding proportion at 20% or USD 20.22 Million.

It is expected to start generating revenue from commercial electricity for 50 megawatts, which is the first phase within the third quarter of 2018, from all four phases which will be gradually constructed over a period not exceeding 4 years or by 2021.

GEP has one subsidiary, namely, GEP (Myanmar) Co., Ltd. (GEP-Myanmar), which is a sole investment in GEP-Myanmar. GEP-Myanmar was incorporated as a national company of Myanmar with a registered capital of USD 500 Million. These shares are divided into 500,000,000 ordinary shares with a par value of USD 1 each. Its paid-up capital is USD 5.398 Million, or approximately Baht 176.29 Million in accordance with the exchange rate announced by the Bank of Thailand as of December 29, 2017. GEP has a 100% shareholding in GEP-Myanmar or 100.00% of total paid-up registered capital. The objective is to operate business in developing and managing Solar power plant project In Myanmar, the total installed capacity is 220 MW and the production capacity is 170 MW.

GEP-Myanmar entered into the Power Purchase Agreement (PPA) with Electric Power Generation Enterprise (EPGE) (previously, Myanmar Electric Power Enterprise) which is an organization under the Ministry of Electricity and Energy of Myanmar. Main content of agreement is to develop, construct, seek for fund source, manage and administer, maintain and transfer of business, EPGE will purchase electricity from the solar power plant project with install production capacity of 220 MW or the ratio of maximum power purchase at 170 MW, the plant is located in Minbu City, Magway District, Myanmar, for 30 years from the Commercial Operation Date (COD) of the Phase 1 project from total 4 phases. The rate of power price is fixed at 0.1275 USD per unit throughout the term of PPA including the renewal of PPA which may be occurred. The power generation will be divided into 4 phases based on the maximum ratio of power generation which will be generated in each phase as follows:

- Phase 1 Maximum trading ratio: 40 MW from installed production capacity of 50 MW.
- Phase 2 Maximum trading ratio: 80 MW from installed production capacity of 100 MW.
- Phase 3 Maximum trading ratio: 120 MW from installed production capacity of 150 MW.
- Phase 4 Maximum trading ratio: 170 MW from installed production capacity of 220 MW.

The Minbu Power Plant Project is the project approved of the investment proposal and MIC Permit by Myanmar Investment Commission (MIC) in the Meeting No. 5/2017 on 13 March 2017. Such MIC Permit is dated of approval on 12 April 2017 and it is necessary for investor who wishes to make direct investment in Myanmar to obtain this MIC Permit. Followings are the main benefits and privileges:

- Long-term lease of land: The maximum lease term is 50 years, depending on the type and size of the investment and the contract can be renewed twice in 10 years, total lease term of land up to 70 years (Note: Foreign investors have no right to hold land. However, it is possible to lease land from the government and the private sector in Myanmar for a long term.)
- Income tax exemption privilege: They will be exempted from income tax for 5 consecutive years from the start of business.
- Have the right to hire experts or technicians from abroad.
- The Myanmar Government guarantees to not suspend any business licensed by the Board of Investment (MIC) prior to the expiration of the permitted period without sufficient reason.
- The Myanmar Government guarantees of No Nationalization during the investment.

Main Content of Power Purchase Agreement can be summarized as follows

Agreement Date	20 March 2016 and its amendment dated 9 January 2017
Agreement Parties	Buyer: Electric Power Generation Enterprise (EPGE) Seller: GEP (Myanmar) Company Limited (GEP-Myanmar) on behalf of the subsidiary of GEP
Power Price	at 0.1275 USD per kilowatt-hour
Power Trading Volume	<ul style="list-style-type: none"> • EPGE shall purchase net volume of power which GEP-Myanmar actually produces and supplies into the system. The maximum production is expected to be 105 % of expected net power generation volume in accordance with the agreement. • If at any period, the Minbu power plant produces net power over 105% of its net power output, EPGE will accept that excessive net power without paying for such excessive power.
Term of Agreement	30 years from the Commercial Operation Date of Minbu Power Plant Phase 1

Product Characteristics

Business Furniture

East Coast Furnitech Public Co., Ltd. (the Company or ECF) is a manufacturer and distributor of furniture made of particle board and rubber wood, foil paper, dried rubber wood using as a raw material for furniture manufacturing, a distributor of rubber wood furniture manufactured by ECF and of wood furniture manufactured by other domestic and overseas as well as a service provider in cutting the pasting edge (PVC) as raw material for particle board furniture.

Main 5 products of ECF started from the beginning of business operations as a rubber wood sawmill in which the rubber wood shall be dried and lumbered to rubber wood plate as a raw material for ECF's furniture manufacturing while some portions shall be sold to other furniture manufacturers or general customers. For particle board which generates main revenue for the Company, raw materials shall be purchased from suppliers who are not all with connected transactions. All purchased particle board shall be finished with foil paper which was manufactured by the Company. Most foil papers shall be utilized internally with only some portions for sale. Finishing particle boards shall then enter the manufacturing process. Moreover, ECF also imported some furniture for sale in our 18 showrooms of ELEGA (as of 31 December 2017).

Details are as follows:

Dried rubber wood

Rubber wood is a wood with many physical qualities similar to teak such as beautiful pattern, dyeable, easy to decorate on wood, light weight and cheaper price when compared to other types of wood used to produce furniture. With such good properties, rubber wood is popular among people around the world in short time under the name of White Teak. Presently, rubber plantation trees are generally harvested for wood after they complete the latex producing cycle, when they are old. After the latex yields become extremely low, the trees are then fell, and new trees are usually planted in accordance with the natural cycle of rubber tree farmers. According to Office of the Rubber Replanting Aid Fund's regulations, rubber farmers must request for approval to cut rubber trees down and be approved by the Office of the Rubber Replanting Aid Fund before taking the rubber wood into lumbering process. The process starts from sending woods to sawmill for chopping them into desired size, then dipped into soluble wood preservatives, causing high water contents in wood and requiring to adjust the moisture level to be balanced with weather condition by drying to maintain wood shape to prevent the problem of wood stretch or shrinkage which may cause the problem of cracking, splitting or warping, such problems shall make product damaged. Additionally, the decrease of wood moisture will minimize the opportunity of fungus. Therefore, lumbered rubber wood is necessary to have moisture level which is appropriate to the standard criteria, then it can be further used to produce furniture.

Lumbered rubber wood is an important raw material for rubber wood furniture manufacturing and ECF has complete lumbering process before supplying them into the production process of rubber wood furniture.

The first step is purchasing the rubber timber for sawing before having them dried. ECF plans to purchase the rubber wood in each cycle to avoid the shortage which may cause interruption in the manufacturing process.

Experience and expertise are significant in the manufacturing process, starting in the sawmill, timber will be sawn at a specific size then impregnated by water solution then adjusted the moistness by drying to avoid the shrinkage or stretch which may cause cracking, splitting or warping. Moistness reduction with high pressure also protects the wood against fungal and insect attacks so that the rubber wood is standardized and ready for furniture manufacturing. Sawing rubber wood is different than other woods as the timbers are usually curved as well as there are many joints and flaws so automatic sawing cannot be applied.

95% of lumbered rubber wood shall be forwarded to ECF’s manufacturing process while the remaining shall be sold to general customers or small rubber wood manufacturers.



Lumbered rubber wood and dried rubber wood

Rubber Wood Furniture

Rubber wood furniture is strong furniture as it is built from real wood. Main raw materials are rubber and other woods which are 35% of the cost structure but this percentage varies according to the market price of rubber wood.

Due to its durability, strength and beautiful pattern & line, dyeable and easy to decorate with properties suitable to the function which need durability to environment or application outside the building, rubber wood furniture is popular for outdoor usage or customers who live in fluctuating climate areas. When compared to particle board furniture, rubber wood furniture’s price is more expensive due to raw material price and the trend to use real wood furniture, therefore, the popularity of rubber wood furniture is for niche market only, it is not popular big group of consumers. Such niche target group will consider the appropriateness of properties in using rubber wood furniture and its niceness, additionally there is no any other products with similar properties to suitably replace this rubber wood furniture.

ECF's rubber wood furniture is categorized into 3 groups as follows:

Category	Product Type
1	Dining Table
2	Living Room
3	Bedroom

Sample Photos of Rubber Wood Furniture

Sample of Dining Set



Sample of Living Room



Bedroom Products



For the rubber wood products, ECF will manufacture and sell to these customers:

Made-to-order for overseas customers. They are mainly furniture distributors and large modern trades in Japan.

Domestic sale to Home Pro under the brand Leaf.

Sale in rental area in 18 showrooms of Home Pro and Index Living Mall under the brand ELEGA.

Particle Board Furniture

This is modern furniture with particle board as the main raw material at 50% of cost structure while the foil paper is approximately 10%.

Particle board is made of crushed rubber and other woods then pack with urea formaldehyde resin. The up and down layer is fine wood chips while the middle layer is rough wood chips. Consequently, the particle board cannot be attached with nails or surface or edge decorated. Most particle board size is 4 x 8 feet with the thickness from 6 - 35 millimeters.

Particle Board



Particle board is the lightest board in fiber boards and with less strength to MDF board and other hard woods. Moreover, particle board will expand easily when exposed to the moistness. However, particle board is popular for interior usage as it has light weight, cheap and easy to move. In addition, particle board is environmental-friendly as no hard woods in the forest shall be cut down.

Particle board manufacturing process is easier as most process is done via machines and it requires less time when compared to hard woods furniture manufacturing. Therefore, the lower production cost is the main advantage.

If comparing the process of hardwood furniture or real wood furniture manufacturing, it will consist of sawing, dipping of preservative, cutting, assembling, polishing, painting, and wood coating, each process requires a lot of workers for production to obtain more elaborate and time-consuming work in each production step. The Company then focuses on the increase of production capacity for particle wood furniture by adding modern semi-automatic machine to the production in order to reduce labor costs, increase efficiency and effectiveness to the production.

Products of particle board are categorized into 7 types and each type will be categorized by the product model as follows:

Type	Product
1.	Multi-purpose shelves
2.	Multi-purpose cabinet/showcase
3.	Wardrobe
4.	Computer desk/working desk
5.	Television cabinet
6.	Shoes cabinet
7.	Dressing table, Bed

Sample of Particle Board Furniture Products



For Particle Board Furniture, ECF will manufacture and sell to these customers by classifying as follows:

1. Made-to-order for overseas customers. They are mainly furniture distributors and large modern trades in Japan.
2. Domestic sale by using the brands of the Company Fur Direct, Leaf, a7, Hasta for selling to Big C, Home Pro, Mega Home and Thai Wasadu, respectively.
3. Domestic sale via FINNA HOUSE showroom which distributes the furniture under license of Disney.

Furniture sale via showrooms

The Company operates its business of integrated furniture manufacturing and distribution with the Company's own brand by selling via showrooms which are rented inside Index Living Mall and Home Pro. As of 31 December 2017, ECF comprises of 18 rented areas in Index Living Mall and Home Pro in the brand ELEGA and this brand is rubber wood furniture manufactured by ECF plus real wood furniture purchased from domestic and overseas.

These products are categorized as follows:

1. Dining Set
2. Living Room
3. Bed Room

Products sold in the showroom cover the products manufactured by the Company such as rubber wood furniture and real wood furniture purchased from domestic and overseas. The furniture sold in the showroom is mostly made from real wood. The proportion of products manufactured by the Company and the proportion of products purchased for sale is approximately 40% and 60%, respectively.

Sample of Furniture sold via showrooms



In August 2015, the Company has opened FINNA HOUSE showroom for distribution the furniture produced under the license of Disney and all of the products are produced from our own factory. The furniture products comprise of many categories as follows;

1. Bed Room Products such as bed set, cabinet, side table
2. Sofa Products
3. Multi-Purpose Cabinet
4. Typical Products such as hangers, wall shelf, mirror etc.

Sample of Furniture sold via “FINNA HOUSE” showroom



Foil Paper

ECF produces and sells foil paper which is used in coating the particle board for fine looking and ready for furniture manufacturing. Foil paper can be designed in various paints such as hard wood, cartoon, graphic or by order. The hard wood style is suitable for fiber board due to easy production with low cost although its weaknesses are low resistant to moisture. However, its properties is suitable for some functions which are not required of durability. Therefore, particle board furniture's price has more advantage than general hard wood furniture.

All particle board purchased from manufacturers shall be coated with foil paper in ECF's factory for cost reduction when compared to ordering foil paper from outside. In addition to the use in the production process of the Company, ECF also sells foil paper to general customers and some shall be sold through VV-Décor Co., Ltd (VV-Décor) as ECF's subsidiary held by ECF total 99.95% of registered capital. At present, 40% of foil papers are sold to general customers

Sample of Foil Paper manufactured and distributed by the Company



The product characteristics as mentioned above will be implemented by East Coast Furnitech Public Company Limited (the Company or ECF) and VV Decor Co., Ltd., as a subsidiary, 99.95% held by the Company. Both companies have business operation related to furniture.

Retail Shop Business

The Company established an additional subsidiary, namely, ECF Holdings Company Limited (Subsidiary or ECFH) which the Company held initial proportion of 51.00% of shares as of 31 December 2015, later in January 2016, the Company increased its investment to be 75.00%, such subsidiary was registered and established on 23 February 2015 and operates the business of holding company as well as invests in retail shop. The Company has an initial registered capital of 1,000,000 Baht (One Million Baht Only), divided into 10,000 ordinary shares (Ten Thousand Shares) with a par value of Baht 100 each (One Hundred Baht). After that,

the Company increased its registered capital from 1,000,000 Baht to be 10,000,000 Baht or 100,000 ordinary shares with a par value of Baht 100 each. Details of shareholders as of 31 December 2017 are shown as follows:

No.	Shareholder Name	Shareholding ratio	No. of shares
1	East Coast Furnitech PLC.	75%	75,000
2	Mrs.Siriluck Nukcharoen	15%	15,000
3	Miss Napaporn Sooppawong	10%	10,000
Total		100%	100,000

Presently ECF Holdings Co., Ltd. operates its business in retail shop, namely, Can Do, which is the retail shop originated in Japan. ECFH contacted to buy franchise from Japan to operate the business in the same style as 100-yen shop in Thailand, Can Do Shops sell products with only one price-60 Baht.

The concept of Can Do shop in Thailand is to provide good quality of products imported from Japan and sell them at only one price (60 Baht), and over ten thousand product types such as home devices, beauty products, food container, cleaning tools, stationery, handicraft, electronic tools, boxes, basket, festive products, etc.

The target customers cover teenagers, students, housewives, working age groups.

As of 31 December 2017, Can Do has totally 4 branches as follows:

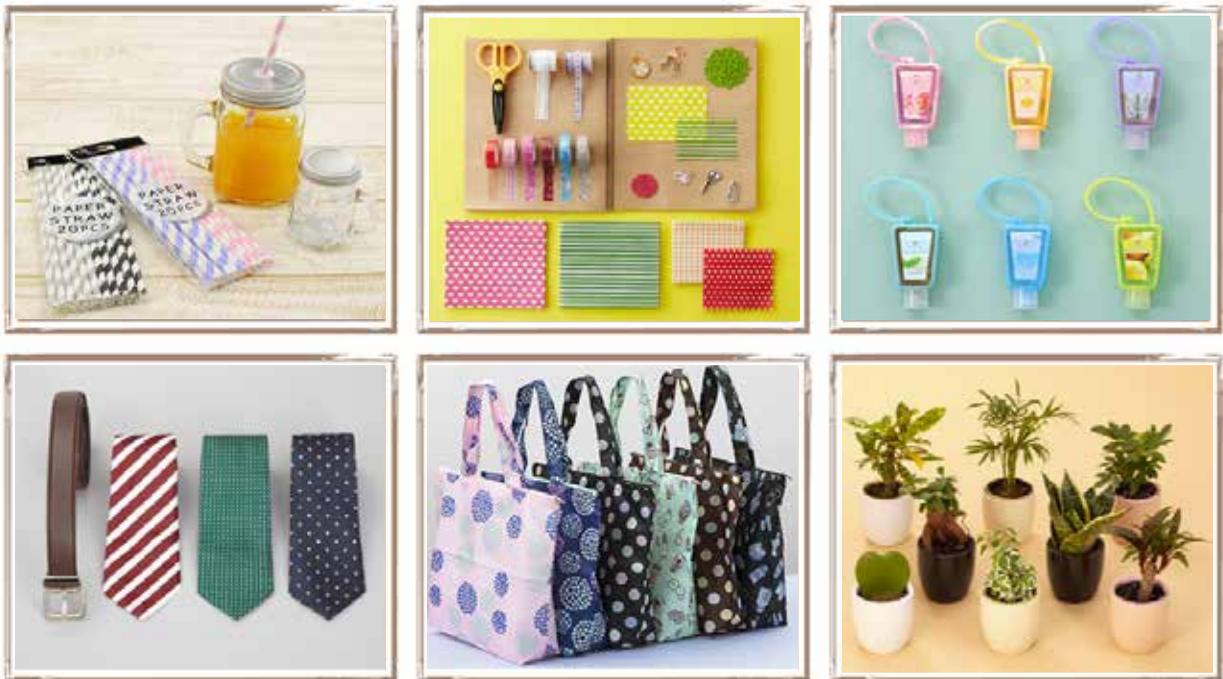
1. Future Park Rangsit (175 sq.m.)
2. Seacon Square (120 sq.m.)
3. Patio Park Kanchanapisek (130 sq.m.)
4. Home Pro Rrattanathibet (140 sq.m.)



Products sold in Can DoShop



Products sold in Can Do Shop (Continue)



Alternative Energy Business

Biomass Power Plant

Presently, ECF Power Company Limited (ECF-P), as a subsidiary, invests in SAFE Energy Holdings Co., Ltd. (SAFE) by holding 33.37% of total shares of SAFE.

At present, SAFE has invested in many companies related to biomass power plant business as following details:

Prize of Wood Green Energy Co., Ltd. (PWGE)

At present, SAFE has acquired 99.99% of the total issued share capital of PWGE, it currently operates a biomass power plant with the capacity of 7.5 megawatts, located at Waeng District, Narathiwat Province. Its plant uses biomass from para rubber tree as fuel for production, it will produce and distribute power to government sector in accordance with the policy on promotion of power generation and utilization from alternative energy by the Energy Policy and Planning Office (EPPO), Ministry of Energy and it is supported by the government in the form of power purchase in Feed in Tariff (FIT) system including tax privileges from Board of Investment (BOI). PWGE power plant project has generated revenue from Commercial Operation Date (COD) since June 27, 2017.

PWGE operates its business with the vision and mission to create green energy by advanced technology along with the development of forestry for green economy on the concept of Cullelose-Based World

PWGE power plant located on land which one side is adjacent to the 4-lane main road on Highway No. 4057 and another side is adjacent to Golok River, the river is 30 meters wide and provides water for using throughout the year. The front of the land is a high hill and the land is about 3 meters above the road, which will reduce the risk of flooding.

It is also located near the source of raw materials for fuel used in production within an inner radius of 30 km., a middle radius of 60 km. and an external radius of 100 km. This location will reduce the risk of raw materials in the future. Additionally, it is away from Kelantan state, Malaysia for only 30 km. where there are many sawmills and wood chips plant being located. There are more than 30 sawmills located at the border of Malaysia, most of them will produce and export lumbered woods to Thailand through the border of Su-ngai Golok, the location of the power plant helps to gain advantage in transportation costs and reduce the risk of future oil costs.

The factory's location is opposite to the village of Mai Khao where there are Thai people who are Buddhists, consisting of more than 320 households. Waeng District has no risk of terrorism and it is the area that safer than other areas.

Biomass Power Plant of PWGE



Power Generation Technology

Equipment	Technology/Manufacturer	Type
Combustion chamber	Germany / China	The combustion chamber using step-styled perforation and additional combustion chamber at the back
Boiler	Germany / China	tube-typed with 1 set of Drum, having water pipe as the wall for receiving heat and natural circulated water.
Steam Turbine	Czechoslovakia / China	Impulsed steam turbines with 9 sets of propellers and all steam distillation with reduction gear.
Generator	Switzerland / China	Wholly covered synchronous generator with air cooling and heat exchange with water, the magnetic field generator is rotatable and non-coal convert

Source of Raw Material used for production

According to the agricultural statistics of Thailand in 2016 from the Office of Agricultural Economics, it said that in the area of Narathiwat Province, there are 991,352 rais of rubber trees.

PWGE has calculated the amount of wood to determine the adequacy of the amount of wood to be used as a biomass fuel for PWGE power plants as follows:

Areas of alive rubber trees	991,352 Rais
Areas of 20-years-old rubber trees which will be ut down.	49,568 Rais per year
Firewood equal to 49,568 Rais per year x amount of firewood 21.9 cubic meters per Rai	1,085,539 cubic meters
1 ton of Firewood is 1.3 cubic meters which will be equal to	835,030 tons per year or 69,586 tons per month
PWGE Power Plant uses biomass fuel at 283 tons per day or approximately 8,490 tons per month	Therefore, it is 12.20% of total firewood to be obtained

Based on the calculation of the demand for biomass used in production compared to the total firewood volume, it is adequate excluding 495,680 cubic meters of bark, which is calculated from 10 cubic meters multiplied by 49,568 Rais per year or equivalent to 381,292 tons per year.

However, the Company plans to reduce its dependence on biomass fuel wood from Thailand, more than 50% of rubber wood will be purchased from Malaysia, most of them are wood distributors who have good relationship with PWGE for at least 25 years.



SAFE Biomass Co., Ltd. (SAFE-B)

Presently, SAFE owns 99.99% shares in SAFE-B, SAFE-B operates a wood shredder business to supply wood chips to the PWGE power plant. SAFE-B rents land inside the PWGE power plant for business use. The internal area of the wood chopping plant and fuel storage building including wood shredders and belt conveyor is located on the total area of 6,480 square meters.

The SAFE-B wood chopping plant has an installed production capacity of 60 tons per hour, the number of days used in the production of wood chips is 8 hours per day. Presently, the production capacity to support the fuel for PWGE power plant is equal to 12.12 tons per hour. In terms of remaining installed production capacity, it will be used to produce wood chips for supporting other power plant projects which may be added in the future and produce wood chips for general companies located nearby which have demands.

At present, SAFE-B has started the commercial operation date on June 27, 2017 which is the same day of the commercial operation date of PWGE biomass power plant.

Bina Puri Power (Thailand) Co., Ltd. (BINA)

Presently, SAFE holds the proportion of shareholding in BINA for 49.00%, BINA operates biomass power plant business with gasification system. At present, BINA enters into two Power Purchase Agreements with the Provincial Electricity of Authority (PEA) consisting of 2 projects. One project is located in Long District, Phrae Province and another project is located in Sung Men District, Phrae Province, both are 1.0-megawatt capacity.

At present, the project is under construction and it is expected to generate revenue from commercial electricity distribution for Phase 1 in Long District within the first quarter of 2018 and Phase 2 in Sung Men District in December, 2018.

Photo showing the power plant project in Long District, Phrae Province which is under construction.



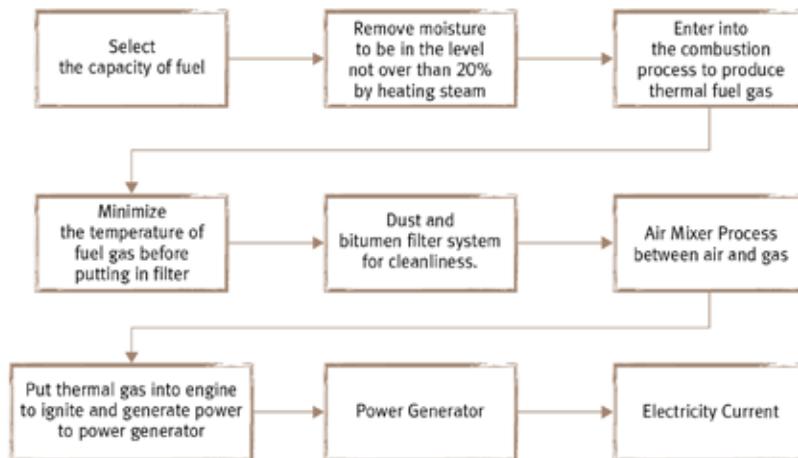
Gasification technology is the use of biomass fuel to burn in a specially designed furnace which is called as Gasifier stove, it will control the amount of air entering the furnace in lesser volume than usual to force the situation which is called “Incomplete combustion”. Such condition will cause the heat inside the stove approximately 1100 degrees Celsius and there are five types of gas occurred:

1. Carbon Dioxide 8%
2. Nitrogen 50%
3. Carbon monoxide 20%
4. Hydrogen 20%
5. Methane 2%

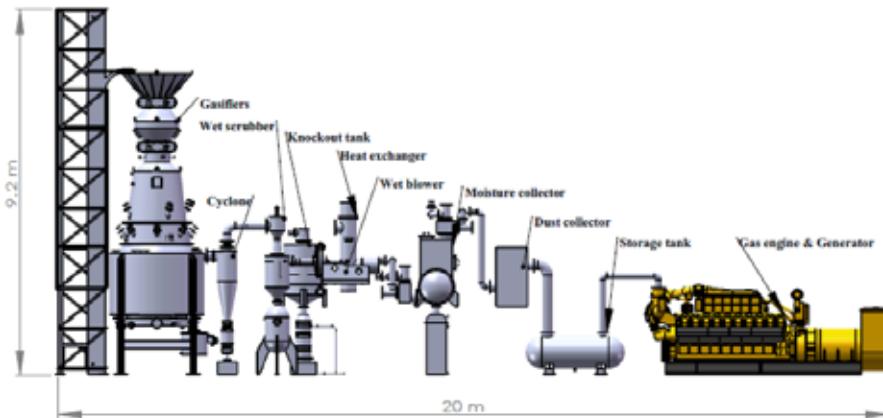
Gases No. 3 - 5 are flammable and can be used for a variety of energy such as thermal power generation by direct combustion in a burner or even used in an internal combustion engine as well as used as a generator set.

The fixed bed downdraft gasifier can solve the problem of contamination of gluey rubber or Tar as well. Therefore, the use of such technology is suitable to be used as a joint fuel for the engine to generate electricity or even to be used for drying agricultural products.

Flowchart showing the process of power generation from biomass energy



Model of power generation system with biomass fuel by using gasification technology.



Gasifier

When putting fuels such as wood chips, corncobs, etc. into the gasifier stove, the stove will burn them by controlling the air to generate fuel gas.

Cyclone

The cyclone is designed to circulate fuel gas to generate a centrifugal force, causing dust which size is larger than 10 microns being dropped into the tank by gravity.

Wet scrubber

The system will clean gas and lower gaseous fuel temperature from 450 c to 40 c

Knock out tank

The tank separates water and gas, and acts as a filter for dust and bitumen.

Heat exchanger

Heat exchanger reduces fuel gas temperature from 40 c to 25 c.

Wet Blower

Wet blower

Moisture collector

Moisture collector will absorb fine mist which still contaminates in the gas.

Dust collector

Dust collector will entrap dust which size is larger than 5 microns before entering the engine.

Storage gas

Tank to reserve fuel gas before entering the engine.

Engine & Generator

Engine and generator

Solar Power Plant

In 2015, the Company registered and established the indirect subsidiary in Japan, namely, ECF Tornado Energy Godo Kaisha (ECF Tornado), to support the investment expansion in Japan for solar farm project with 1.5 MW of approximate installed production capacity. ECF Holding Company Limited on behalf of the subsidiary holds 51% of total shares. Later, in September 2016, ECF Holding Co., Ltd. decided to sell invested asset in ECF Tornado and presently, ECF Tornado completed the procedure of winding up registration since last 22 February 2017.

After the business restructuring through the establishment of ECF Power Co., Ltd. as an investor in the renewable energy business, ECF Holdings Company Limited ended its role as a subsidiary for the investment in energy business. Presently, it operates only one business in Can Do retail shops in the form of one-price shop.

Solar Power Plant Project of ECF Tornado Energy Godo Kaisha



Solar Power Plant Project sized 220 megawatts in Myanmar

During 2017, the Company expanded its investment in solar power plants with the total installed capacity at 220 MW and has a capacity of 170 MW for Green Earth Power (Thailand) Co., Ltd. (Minbu Power Plant Project or GEP) located in Minbu City, Magway District, Republic of the Union of Myanmar (Myanmar). ECF Power Co., Ltd. (ECF-P), a 99.99% subsidiary of the Company, invested to buy shares of this project in the portion of 20%, the Company purchased the existing ordinary shares of GEP for 51,512 shares or representing 20% of GEP's total paid-up shares, as approved by the Extraordinary General Meeting of Shareholders No. 1/2017 held on 31 May 2016, with value of USD 9 Million. The total value of the Minbu power plant project is USD 292.62 Million, with a debt

to equity ratio of 65: 35. Therefore, ECF-P has the obligation to increase its capital in accordance with the shareholding proportion at 20% or USD 20.22 Million.

It is expected to start generating revenue from commercial electricity for 50 megawatts, which is the first phase within the third quarter of 2018, from all four phases which will be gradually constructed over a period not exceeding 4 years or by 2021.

GEP has one subsidiary, namely, GEP (Myanmar) Co., Ltd. (GEP-Myanmar), which is a sole investment in GEP-Myanmar. The objective is to operate business in developing and managing Solar power plant project in Minbu.

GEP-Myanmar entered into the Power Purchase Agreement (PPA) with Electric Power Generation Enterprise (EPGE) (previously, Myanmar Electric Power Enterprise) which is an organization under the Ministry of Electricity and Energy of Myanmar. Main content of agreement is to develop, construct, seek for fund source, manage and administer, maintain and transfer of business, EPGE will purchase electricity from the solar power plant project with install production capacity of 220 MW or the ratio of maximum power purchase at 170 MW, the plant is located in Minbu City, Magway District, Myanmar, for 30 years from the Commercial Operation Date (COD) of the Phase 1 project from total 4 phases. The rate of power price is fixed at 0.1275 USD per unit throughout the term of PPA including the renewal of PPA which may be occurred. The power generation will be divided into 4 phases based on the maximum ratio of power generation which will be generated in each phase as follows:

Phase 1 Maximum trading ratio: 40 MW from installed production capacity of 50 MW.

Phase 2 Maximum trading ratio: 80 MW from installed production capacity of 100 MW.

Phase 3 Maximum trading ratio: 120 MW from installed production capacity of 150 MW.

Phase 4 Maximum trading ratio: 170 MW from installed production capacity of 220 MW.

The Minbu Power Plant Project is located at the north-west of Nay Pyi Taw Capital City about 150 kilometers or 199 km by car for about 4 hours. The project area approximately 836 acres (equivalent to 2,114.48 rais) is located on the leased area, which is sufficient for the construction of all 4 phases of Minbu power plant project, the term of lease right for this area is equal to or more than the term of Power Purchase Agreement. The leased space of 700 acres is located inside AVA Capital Trading Company Limited (AVA Capital) and this area is under the supervision of Ministry of Agriculture, Livestock and Irrigation (MOAI). GEP-Myanmar will lease from AVA Capital but the lease right of 136-acre space will be under GEP-Myanmar. Such area is under the supervision of the Ministry of Natural Resources and Environment (MNREC).

Technology used for Power Generation

The Minbu Power Plant Project is a solar power plant project that utilizes solar cell technology or photovoltaics method which directly converts solar energy to be electricity by using solar cells or photovoltaic cells (PV) and major equipment for production process as follows:

Solar Panel

Inverter

Transformer

230 kV Substation Equipment

When sunlight falls on solar panel, it will produce electricity carrier to generate DC Power, after that, solar energy in the form of DC Power will be transmitted to an inverter that converts DC Power to be AC Power. Such AC Power will be passed to the transformer to increase the voltage to the appropriate level for the power plant which will supply power into transmission line of national grid line. In this project, the AC Power from the inverter will be gathered by 33 kV-sized transformer, switchgear and distribution systems. Such electric current will be increased of voltage to be 230 kV by four 230 - 33 kV-sized step-up transformers to supply power into transmission line of national grid line. The construction of main line of 1.3 mile (or 2.1 km) is completed and is connected to the national grid line.

Solar Power Plant Project at Minbu City, Myanmar
(Presently, the project is under construction)



Industry Overview

Export Overview and Furniture Industry

Export Overview for the Year 2017

According to the information of International Trade Promotion Department, Ministry of Commerce, in the year 2017, the overall figure of exportation of wood and metal furniture and bedding products, including other furniture is 1,131.01 million US Dollar. It shows an increasing trend comparing to the figure in 2016 or 3.14 %. The details of exported products categorized by type are as follows

Unit: Million US Dollar

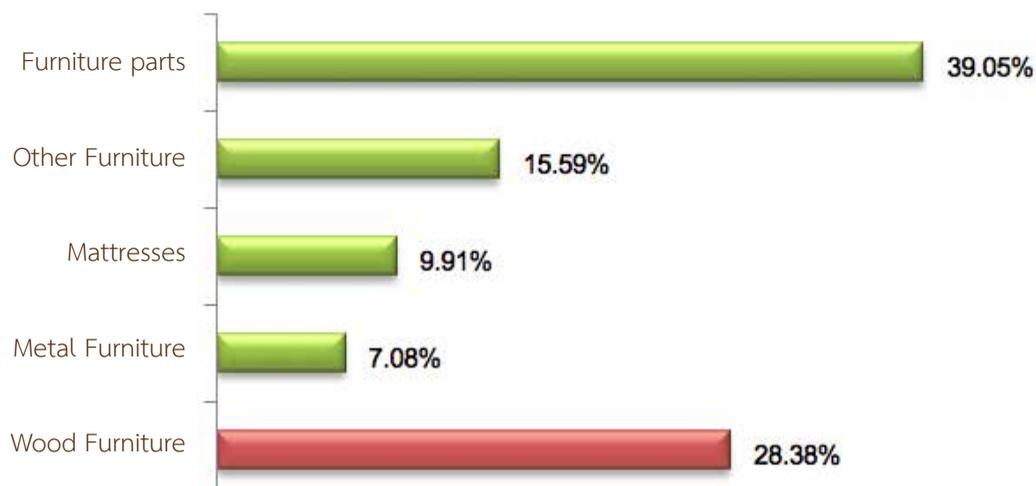
Exportation Figure	2015	2016	Growth rate	2017	Growth rate
Furniture and parts	1,050.93	1,096.59	4.34%	1,131.01	3.14%
Divided into following sub-groups					
Wooden furniture	363.44	348.25	-4.18%	321.00	-7.82%
Metallic Furniture	145.85	105.51	-27.66%	80.04	-24.14%
Bedding products	75.95	84.56	11.34%	112.04	32.50%
Other furniture	185.63	174.83	-5.82%	176.27	0.82%
Furniture parts	280.06	383.44	36.91%	441.66	15.18%

Data of Proportion when Compared with Total Export Value for Furniture and Parts

The export value figure in wood furniture product group has been normally in the top rank when compared with total export value of other products. The Company's products are the export of wood furniture according to all purchase orders of foreign customers. Except 2016 and 2017, Thailand's export value for furniture parts considerably increased until the value has been the top in replacement of export value for wood furniture.

Diagram of Value and Proportion of Furniture and Parts Export Sales of 2017

unit: percent



The top maximum export value of furniture and parts exported from Thailand has been Japan with increase in export rate for 3.68% in last 2017 period. The secondary one has been USA with decrease of 9.22 % of export rate. If considering from growth rate of product export to Japan in 201 in US Dollar currency, the company can maintain proportion of export to grow continuingly year-on-year. However, when considered in Thai Baht, It was found that the company had decreasing export rate to Japan accounted for 2.10 % with export value to Japan of approximately 668 million Baht because in 2017, Thai Baht exchange currency compared with strengthened US Dollar compared with 2016.

Moreover, from the export value figure of Department of International Trade Promotion, Ministry of Commerce, the finding indicated that ten countries, which have been the maximum exporters from Thailand for distribution, have included business partner country group in AEC economic zone for four countries consisting of Malaysia, Indonesia, Vietnam and Philippines. Thailand's total export value to these countries was USD 157.43 million, increasing for approximately 11.80% when compared with last 2016 period, or 13.92% for proportion when compared with product export value for furniture and parts with increase in proportion when compared with 2016 that had 12.84% for proportion.

The Company therefore has planned the policy of confidence creation with the existing customer groups to its customers particularly in Japan. Most of them have dealt with the Company for several years. The Company will aim at development of product design, product quality and punctual delivery period. These are the key of joint business operation. Most customer groups in Japan are the large modern trade retail store entrepreneurs that distribute products particularly furniture and interior decorations, and big retail stores that distribute variety of products. All customers, which trade with the Company, are classified as top large entrepreneurs of Japan. In accompanying with 2016-2017 period, the Company has started to offer new products such as bed to customer group, and obtained good feedback from the beginning of purchase orders from few customers. At present, the number of customers that have been interested in the Company's bed products have begun to be continuously increasing. The Company started to expand production line by investing in semi-automatic machines to support increasing orders of bed. The Company expected to create revenue from these products that will be continuously increasing in the future.

In addition, the Company has still aimed at selling opportunity expansion to customer group in AEC economic zone more than before. Currently, the company has proportion of export compared with all sales for 5% of total sale revenue. In past 2017, the Company could grow sales and expand customer base more than before with growth of sales for AEC Customer group increasing for 210% or increasing from 11 million Baht to 33 million Baht.

Competition Status in Furniture Industry

According to data of Department of Business Development, Ministry of Commerce, in 2016, there were 1,478 juristic persons that delivered financial statements' and were entrepreneurs of household furniture retail shops with income of 38,251.07 million Baht. There are 4 major entrepreneurs as big players in this industry. If compared with target customer groups of these major player, they are not the same customer groups of the company provided that 2 out of 4 entrepreneurs operated business as furniture manufacturers and distributors in form of large furniture retail shops distributing products their own brands directly for end-user. Another entrepreneur focuses on producing comprehensive furniture covering almost every type of furniture

and it distributes products through showroom and customers of real estate projects. Currently, the entrepreneur produces furniture to support purchase orders from main large retailer. It could be said that, these four entrepreneurs are not direct competitors of the company because they have different target customer group. If considering furniture manufacturers and distributors with target group as modern trade as same as the company, there are only four entrepreneurs that have products distributed in modern trade. However, as these four manufacturers are middle-to-small furniture factories with limited purchase order acceptance and no entrepreneurs have similar sales to the company. In addition, income from distribution of the company mostly (52%) comes from production for distribution to foreign customers. Therefore, the Company considers opponents from foreign countries as priority and currently, the company anticipates that only one entrepreneur that operates similar business to the Company and has same target customer group, which is HEVEA PAC MALAYSIA SDN BHD, Malaysia.

Furniture Industry Condition

At present, furniture industry has developed with vast growth rate so in order to cope with the change, the company needs to study tendency of such changes to determine direction and trend of developing, improving products and catching up with trends of consumers that are changing. These factors directly affect research and development of products, production process and marketing that needs to access and follow the trends. The Company anticipates that tendency of furniture products will consist of four main models of development and improvement as follows.

- Value-added furniture: the company will develop products by providing product copyrights in order to develop and improve furniture model that has been produced to have value added from such copyright. Since 2016, the company has had right to use Disney cartoon pattern as a licensee and at this moment, it is still the sole furniture entrepreneur in Thailand that has been granted such right. After being chosen as a franchisee Licensee, furniture of the Company can be extended for further development as furniture with Disney Cartoon to add values of the company's products. furthermore, it is to create additional marketing opportunity that the company can present products to modern trade and through showroom FINNA HOUSE which is a showroom of the company distributing products under copyright of Disney only. Currently, the company still seeks opportunity in developing and extending products through presentation in new forms continuously.
- Multifunction Furniture: according to the study, population of the country increases continually and people have urban lifestyle in middle class with rush lifestyle and in need of a residence with compact size with easy care leading to not so high expense in buying a house or maintaining it consistent with obtained income. Therefore, condominium and a house with limited size responds need of this customer group. So, the furniture is focused on utility to be developed until it can transform its function variously for limited area. The Company is finding a guideline to develop products to meet such needs more and better.
- Environmental-Friendly Furniture: with trend of environment conservation globally, a concept of selecting raw materials for production process with environmentally friendly production and quality designing is employed so that the furniture is well used with proper useful life in order to reduce a problem of wastes and it is another important skill on which the company should put emphasis.

- Furniture for health and life quality focuses on production of healthy furniture or use of appropriate designing principle for bodily movement such as healthy bed, backache-relieving chair etc. Products in this group can focus on health lover customers to respond trend of aging society that tends to increase in the future.

Target customer group

The company targets to focus on new customer groups to expand distribution channels by planning to enhance new customer groups to developing countries with increasing need of furniture product and trend of continuous economic expansion especially countries in ASEAN Economic Community (AEC). In 2017, the Company could create sale that grew more than before 200% which was the result of the fact that in previous year, the company emphasized customers in Philippines and it is anticipated to grow continually.

In addition, for same customer groups of the Company, it highlighted developing new products to expand channels and opportunity in accepting purchase orders more than the same. In 2017, the company started to adjust product strategy to expand production base for bedding products. According to the survey, it had a chance to create revenue growth from selling this product group. The Company plans to expand production line specifically for this product.

For domestic product sale, the Company still maintains a strategy to grow together with branch of customers in modern trade group that increases continuously because it will help to reduce cost to remain stable from rentals and other fixed cost used for business operation compared with investment in expanding branch of ELEGA and FINNA HOUSE Showrooms. For guidelines to expand product sales through both showrooms, the Company focuses on offering new products.

For target in following years, the company still use marketing strategy to focus on retailer and dealer in upcountry under the brand “Costa” to create revenue from sale increasingly because the company considers that opportunity of sale through this customer group will have potentials to generate continuously increasing turnover.

Product Provision

For furniture production, the company has 2 production bases including a head office and branch 1 with following details.

Head office located at No. 37/9 village No. 10, Ban Bueng- Klang Road, Thang Kwian Sub-district, Klang District, Rayong Province. This factory comprises 10 buildings as part of production divided as follows

- 5 furniture production buildings
- 2 warehouses to stock ready-made products
- 1 raw material preparation building including foiling part and knots, screw (fitting) parts
- 1 particle board stock building
- 1 Packing building

In this head office, the production line that is operated will be only processes related to particle board furniture.

Nevertheless, the company has a plan to construct a warehouse to stock products on 5-Rai land at the back to be sufficient for supporting product stocks that increase continuously by growth of sale and it is anticipated to be completed in 2018.

Branch 1 located at No. 29/1 - village No. 3 Soi Chongko- Chumnumnai, Wangchan Sub-district, Wangchan District, Rayong. This factory will contain seven buildings for production divided as follows

- 4 furniture production building
- Processed rubber wood sawmill and drying factory 1 building
- Warehouse for ready-made products pending for delivery 1 building
- 1 foil paper production building

This factory will have production line for only the parts related to sawmill, rubber wood drying factory, rubber wood furniture production and assembly plant and foil paper factory only.

The company has operated machine production line in each day as follows

- From 08.00 – 17.00 hrs which is 1 shift
- From 08.00 – 20.00 hrs. (including total 3 OT hours from 17.00 – 20.00 hrs.)
- From 08.00-24.00 hrs (including total 6 OT hours from 17.00 – 24.00 hrs. before deducting special break hour 17.00 – 18.00 hrs. (1 hour)

Nevertheless, the company has not operated production for 24 hours.

Full production capacity and actual capacity

Production capacity	Production capacity of dry rubber wood (cubic meter/ year)	Production capacity of particle board furniture (cubic meter/ year)	Production capacity of rubber wood furniture (cubic meter/ year)	Production capacity of foil paper (cubic meter/ year)
Full capacity	8,700	95,000	7,900	24,000,000
Actual capacity (approximately)	8,000	62,350	4,980	17,090,857
Rate of current capacity use (approximately)	91.95 %	65.63 %	63.04 %	71.21 %

Remark: For production capacity of particle board furniture and rubberwood furniture, the machines fully works by its effectiveness and workforce at this moment.

Details of machine and equipment for production categorized by production

Processed rubberwood production consists of

Machine and equipment for production	Capacity
Log sawing table	900 - 1,000 cubic foot / day for production during 08.00 - 17.00 hrs.
high-pressure fumigation tank to prevent weevil and termites	70 - 80 cubic foot for 45-minute operation / round and there will be 8 - 9 rounds / day
Oven	8 ovens that can contain 850 - 1,000 cubic foot / day
Boiler with firewood and wood scraps from production process as fuel	

Rubber wood Furniture production consists of

Machine and equipment for production
Wood cutting table for raw material preparation
CNC machine to cut wood in specified pattern and size to prepare for forming with technology from Japan and Taiwan
Wood planer and roller
Paint spraying equipment

Rubber wood furniture production volume in past times

Unit: piece

Product type	Production volume		
	2015	2016	2017
Dining Table	5,718	9,813	6,648
Dining Chair	162,676	181,066	170,329
Bench	1,164	1,273	2,712
Bed	20	227	-
Center	68	1,182	4,538
Buffet + Hutch	382	327	410
Wagon	300	-	-
Shelf	13,768	8,679	5,137
other components	1,283	7,622	2,267
Total production volume	185,379	210,189	192,041

Particle board furniture production consists of

machine and equipment for production
Wood cutting table for raw material preparation
Machine for covering particle board surface
CNC machine to cut wood in specified pattern and size to prepare for forming with technology from Germany

Production volume of particle board furniture in past time

Unit: piece

Product type	Production volume		
	2015	2016	2017
Multifunctional shelf	2,513,805	2,570,686	2,309,649
Multifunctional cabinet/ showcase	339,335	420,725	465,777
Shoe cabinet	78,299	69,056	73,977
Wardrobe	102,546	81,297	94,444
TV Stands (piece)	126,183	105,691	104,342
Computer table/ working table	34,745	25,830	22,586
Dressing table/ bed	3,624	14,872	3,159
Total production volume	3,198,537	3,288,157	3,100,934

Foil paper production consists of

Machine and equipment for production	Capacity
Machine for patterning foil paper with technology from Japan and China for 2 production lines	Machine can be operated for patterning for 24,000,000 meter/ year
foil paper quality checking machine	

Production volume of foil paper in past times

Unit: meter

Paper size	Production volume		
	2015	2016	2017
30 Gram	15,766,750	15,837,750	15,301,897
45 Gram	1,264,810	1,470,511	7,500
60 Gram	483,740	511,600	1,618,650
65 Gram	-	-	471,400
Total production volume	17,515,300	17,819,861	17,399,447

Material for production

Main raw materials for production of the Company are as follows

Raw material in production	Proportion of order compared with value of total raw material order value (percent)	Origin of raw material
1. Particle board	38.70	Domestic order
2. Paint	9.79	Domestic order
3. Materials (fitting) (such as handle, hinge, drawer rail, lock key and mirror)	11.77	Domestic order
4. Box	7.40	Domestic order
5. Rubber wood timber	8.86	Domestic order
6. Other equipment (such as foam, foam sheet, sandpaper and consumable materials)	8.06	Domestic order
7. Paper	3.82	mostly international order
8. Edge-closed PVC material	3.66	Domestic order
9. Glue	3.12	Domestic order
10. Wood sheet/ wood top/ veneer wood/ wood board	1.93	Domestic order
11. Sponge	0.13	Domestic order
12. Artificial leather (PVC)	0.24	Domestic order
13. Cushion	2.52	Domestic order
Total	100.00	

Source : Information from the company by actual calculation proportion in 2017

In 2017, the company had proportion of ordering raw materials divided as domestic and international order for 96.18 : 3.82% respectively. To order raw materials from the manufacturers or distributors, the Company did not make any sale and purchase contract. However, the purchase department will provide information to compare conditions of manufacturers and distributors twice a year and it will provide and review data with comparison in December to be used as database of ordering in January to June and in June to be used as database for ordering from June to December. Nevertheless, the company had a policy to diversify orders and reduce proportion of ordering that it started ordering raw materials with any distributors too much. currently, the company has not relied on any manufacturer or distributor too much and the company has not purchased raw materials with persons that may have conflicts.

Overview of alternative energy industry in 2017

According to the survey of many institutes about alternative energy industry in 2017, the overview of alternative energy use for generating electricity of Thailand tends to grow well in accordance with economic growth rate of Thailand (GDP) that expanded for 3.9% according to Office of the National Economic and Social Development Board. There are essential supporting factors from the government to drive the use of alternative energy more to replace using fossil. With better economic condition of Thailand from the expansion of product exporting and private consumption as well as spending of the government and investments, these factors affected energy situation of Thailand in 2017 and within 2036, electricity generating sector, when considering the target according to Thailand's electricity generating capacity development plan 2015-2036 (PDP 2015), the target in 2036 would drive the use of alternative energy for power generating up to 19,684.40 Megawatt. Currently, the production met target for 8,271.24 Megawatt or 42.0%. the energy group that has generating trend closest to the target is biomass followed by solar energy. nevertheless, biomass energy is alternative in first group that has been supported by the government because Thailand is an agricultural country with a number of agricultural by-products that can be used as alternative energy for electricity generation leading to that the volume of power generating from biomass meets the target faster than other kinds of energy. This is consistent with trend of investment in biomass power plant of the company through Safe Energy Holdings Co., Ltd for 33.37%

However, for next level, investment opportunity in this kind of energy is suitable for entrepreneurs in agricultural sector or industries that already have raw materials by generating electricity to be used inside their own businesses to reduce electric cost and to sell remaining electricity to the government electricity authority in form of small power producer and very small power producer (SPP and VSPP) rather than investing in new entrepreneurs that do not have by products from production or energy for production.

After the government supported the generation of electricity from other alternative energy types increasingly to achieve the plan that the proportion of alternative energy use shall be 20 % of energy end-use by specifying rate of purchasing electricity in form of FIT (Feed-in Tariff) with electricity sale and purchase agreement for 25-30 years, it is to encourage investment in alternative energy business such as solar energy, waste energy and wind energy especially industrial sector and business. Solar energy business tends to spread to foreign countries more. Currently, some entrepreneurs focus more on foreign markets especially Asian countries (Japan and ASEAN with potentials to generate power from solar energy in high volume) because domestic markets are considerably progressed and considering foreign market is another strategy to help entrepreneurs to extend business opportunity more.

In overall, needs of energy in domestic market in 2017 was 185,370 Gigawatt/hour increasing for 1.4% from 2016 due to economic expansion in the country.

Tendency of alternative energy in 2018

Alternative energy tends to grow for 7.1% from alternative energy promotion policy of the government. Need and estimated need of electricity can be summarized as follows

Year	Electric use (Gigawatt/ hour)	Change	
		Gigawatt/ hour	Percent (%)
2012	161,779	12,924	8.7
2013	164,341	2,562	1.6
2014	168,685	4,344	2.6
2015	174,833	6,148	3.6
2016	182,847	8,014	4.6
2017p	185,370	2,523	1.4
2018f	192,923	7,553	4.1

In 2018, it is anticipated that electric use will be increased for 4.1% in accordance with economic condition with hypothetical expansion at 3.6-4.6% by considering from good expansion of world economy as a supporting factor. It includes the increase of government investment and good rate of private investment. electric use in 2018 is forecasted to rise for 2.1 by economic growth.

Source : http://www.eppo.go.th/images/Infomation_service/public_relations/forecast/Energy2016-Forcast2017.pdf
<https://www.kasikornbank.com/th/business/sme/KSMEKnowledge/article/KSMEAnalysis/Documents/BusinessOppotunity.pdf>

Revenue Structure

The Company's revenue structure is classified by type of products as follows:

Revenue structure categorized by each product category

Product Category	2015		2016		2017	
	Mil. Bht.	%	Mil. Bht.	%	Mil. Bht.	%
1. Furniture	1,249.56	91.99	1,273.72	91.47	1,332.31	90.10
2. Foil Paper	65.15	4.80	65.90	4.73	73.54	4.97
3. Dried rubber wood	19.39	1.43	15.84	1.14	22.68	1.53
4. Retail Shop	-	-	15.31	1.10	16.09	1.09
Net sales revenue	1,334.10	98.22	1,370.78	98.44	1,444.62	97.70
Other revenue ^{1/}	24.20	1.78	21.72	1.56	34.06	2.30
Total Revenue	1,358.30	100.00	1,394.49	100.00	1,478.68	100.00

Note : ^{1/}Other revenue includes profit (loss) from sales of fixed assets, rental and service revenue, interest receivable, profit (loss) from exchange rate, other incomes (such as service fee for cutting the edge of PVC, sales of waste/ revenue from export compensation/ discount received/ others)

Revenue structure categorized by domestic and overseas distributions

Distributin Channels	2015		2016		2017	
	Mil. Bht.	%	Mil. Bht.	%	Mil. Bht.	%
1. Domestic distribution	546.40	40.96	594.36	43.36	689.81	47.75
2. Overseas disribution	787.70	59.04	776.42	56.64	754.81	52.25
Net sales revenue	1,334.10	100.00	1,370.78	100.00	1,444.62	100.00

Securities and Shareholders Information

1.1 Registered Capital and Paid-up Capital

Presently, the Company has registered capital of 354,137,269 Baht (Three Hundred Fifty Four Million One Hundred Thirty Seven Thousand Two Hundred Sixty-Nine Baht Only) which has been divided into 1,416,549,076 ordinary shares at a par value of 0.25 Baht (Twenty-Five Satang). The paid-up capital is equivalent to 207,501,863 Baht (Two Hundred Seven Million Five Hundred One Thousand Eight Hundred Sixty-Three Baht Only) which has been divided into 830,007,452 ordinary shares at a par value of 0.25 baht per share (Twenty-Five Satang)

Major Shareholders

The namelist of major shareholders as of December 31, 2017: the total number of shareholder is 4,627 people) as following details:

Name-Surname	Shareholding data as of December 31, 2017	
	Number of shares (shares)	Proportion (% of paid-up capital)
1. Suksawad Group	424,993,000	51.2035
1.1 Miss Tippawan Suksawad	129,986,200	15.6609
1.2 Mr. Chalee Suksawad	119,986,200	14.4560
1.3 Mr. Arak Suksawad	119,986,200	14.4560
1.4 Mr. Wanlop Suksawad	48,538,800	5.8480
1.5 Mrs. Waraporn Suksawad	3,991,600	0.4809
1.6 Mr. Thamrong Suksawad	2,500,000	0.3012
1.7 Mr. Sitthichock Chinnurat	600	0.0001
1.8 Mstr. Wantana Suksawad	600	0.0001
1.9 Miss. Warisara Suksawad	600	0.0001
1.10 Miss. Supichaya Suksawad	600	0.0001
1.11 Mstr. Peerawut Suksawad	600	0.0001
1.12 Mstr. Nopparut Suksawad	600	0.0001
1.13 Mrs. Suphak Suksawad	400	0.0001
2. Panich Group	25,873,900	3.1173
2.1 Mrs. Pikul Panich	25,000,000	3.0120
2.2 Miss Prapassorn Panich	873,900	0.1053

Name-Surname	Shareholding data as of December 31, 2017	
	Number of shares (shares)	Proportion (% of paid-up capital)
3. Nanthatheero Group	19,309,850	2.3265
3.1 Mrs. Amporn Nanthatheero	10,387,850	1.2515
3.2 Mr. Tawin Nanthatheero	8,700,000	1.0482
3.3 Mr. Theera Nanthatheero	222,000	0.0268
4. Wiriyatorphan Group	15,629,000	1.8830
4.1 Mrs. Wassana Wiriyatorphan	14,250,000	1.7169
4.2 Mr. Vitthaya Wiriyatorphan	1,379,000	0.1661
5. Miss Tassanee Wongjiraj	10,826,100	1.3043
6. Thai NVDR Co.,Ltd.	8,177,635	0.9853
7. Chantarueangvanij Group	7,309,500	0.8807
7.1 Mrs.Maiyarut Chantarueangvanij	3,933,498	0.4739
7.2 Mr.Sathorn Chantarueangvanij	3,268,837	0.3938
7.3 Mr.Chayathorn Chantarueangvanij	107,165	0.0129
8. Mr. Waratthakrit Pornjamsai	6,203,000	0.7473
9. Mr.Kanuengnij Jinda	6,150,000	0.7410
10. Udomtham Group	5,440,200	0.6554
10.1 Mr.Sarawuth Udomtham	3,280,800	0.3953
10.2 Mrs. Sujitr Udomtham	1,700,000	0.2048
10.3 Mr. Anumat Udomtham	418,000	0.0504
10.4 Boontuen Udomtham	41,400	0.0050
11. Other shareholders (4,596 people)	300,095,267	36.1557
Total shares	830,007,452	100.0000

Foreign shareholders : As of December 31, 2017, there are 1 foreign shareholder with total shares of 1,600 shares or 0.00019 percent of paid-up capital

Note : The Company has a limitation on the percentage of equity shares held by foreign shareholders stated in the article 11 of that “the Company’s shares can be transferred without restriction unless 49 percent of paid-up stock is held by foreign shareholders”.

Dividend Payment Policy

The Company's policy is to declare dividend payments to the shareholders at a rate not less than 40% of its net profit after corporation tax, financial statements and legal reserves. The annual and interim dividend payments might be subject to change, depending on the Company's operations, financial position, future projects and overall economic conditions. The Company's Board of Directors shall be empowered to consider the option. Moreover, the Board of Directors' resolution approving dividend payment shall be proposed for final approval with shareholders' meeting. Exemption is on interim dividend payment which the Company's Board of Directors shall be authorized to make decision and report the decision at the next shareholders' meeting.

Risk Factors

Business Risks

The risk of competition in the industry

From the information of the Department of Business Development, Ministry of Commerce, it was found that in 2016, the number of juristic persons submitted of financial statement and entrepreneurs of household furniture retail business was 1,478 persons in total, representing a total income of 38,251.07 Million Baht. Presently, in Thailand, there are 4 major furniture manufacturers and distributor in total (excluding the Company). Comparing targeted customer group of major manufacturers, we found that the customer groups targeted are not the same, i.e. two of four manufacturers operate a furniture retail business, sell under their brand name to their end-user. Another one manufacturer offers comprehensive furniture products covering almost all category of furniture and sell them through showrooms and customers having real estate. Another one operates a made-to-order furniture ordered by only one main customer. Therefore, these 4 manufacturers are not our direct competitors as they have different customer target.

If we consider about the manufacturers that target Modern trade stores like us, we found only 4 brands. However, the products of these 4 brands are made from medium and smaller factory which obviously means that the production capacity is limited. Thus, none of them have a sales volume which is close to ours. Regarding foreign competitors, we found only 1 manufacturer aiming the same targeted customer group. Its name is HEVEA PAC Malaysia SDB BHD from Malaysia. Fortunately, as we have built positive relationship with customers and always ensured our product quality, including production capacity that can serve the needs of customers, we are still able to maintain foreign customer base; most of them have ordered our products for more than 10 years. However, we realize the strength of our competitors, particularly ones in Malaysia and Vietnam. The strength of Malaysian competitors in the ability to manufacture made-to-order products and handle bulk order with modern technology in production process, low labor and transportation cost. The strength of Vietnamese competitors is the ability to manufacture made-to-order products, low labor cost but the weakness is they have to rely on raw materials from other country. The way to strengthen our product is to make distinctive point of our product according to the change of customer behavior trend and to adapt ourselves to customer needs and find the value-added method to raise the competitiveness of our company.

Risk from Competition of New Entrepreneurs and AEC Liberalization

The Company distributed furnitures to both domestic and foreign customers under proportion of domestic and foreign distribution in the accounting period for 2016 for 43.36 % and 43.36 % of revenues from sales, and in the accounting year for 2017 for 47.75 % and 52.25 % of revenues from sales, respectively.

From such information, it was seen that the Company has started to have increasing proportion of revenues from domestic distribution every year as the result from the Company's growth on revenues from domestic distribution for 2017 for proportion of approximately 16.06 %. If considering distribution channel, the finding indicated that the by-order production and product distribution via wholesale store and dealer store with

increasing growth more than last year for 12% and 180%, respectively. In part of significant growth of distribution channel via wholesale store and dealer store, it was derived in 2017, the Company has given precedence to development and advancement both in part of product supply, reinforcement of strong working team structure with adequate number of personnel for advancement of the growth on distribution channel via dealer. Additionally, the Company also adjusted new marketing strategy to increase sale volume.

As for the impact of AEC liberalization in the beginning of 2016 in ASEAN group, the furniture products from the manufacturers in Malaysia and Vietnam have been regarded as the key competitors of Thailand. However, if considering in part of competition in ASEAN market, it may not be much severe due to the emphasis of each country on the products which are their outstanding points. For example, Indonesia is remarkable in outdoor furnitures. Malaysia is expert cheap and mass manufactured products. Philippines is remarkable in design but small production. Vietnam has most similar production to Thailand but its weakness has been in raw materials that must be almost imported. Therefore, as aforesaid, the Company has been prepared for support the contingent risk if the price completion problem occurs, under policy for improvement of production process efficiency, application of the policy for effective management of production cost and expense and more customer base expansion to both new domestic and foreign customers, new product design for offering to new potential customer groups, and production competitiveness enhancement development plan to be consistent with increasing trend of market demand, mainly emphasizing on product quality competition and competitive pricing. Moreover, with effective cost management advantage, the Company can determine competitive price. With product quality acceptable by both domestic and foreign customers for long time, the Company ensures that it will be quite low affected from such risk. If considering from the proportion of cost of sales to revenues from sales in comparison between 2016 and 2017, it was found that the proportion was at 71.73 % and 69.51 %, respectively, indicating the Company's ability to effectively manage cost of sales. The Company has still maintained the policy for continuous reduction on cost of sales proportion accordingly.

Risk of currency exchange fluctuations

Our sales to foreign customers are based on USD currency. In the 2016 and 2017 fiscal years, the ratio of our sales in 2 fiscal years to the overall sales is 56.64% and 56.64%, respectively. Besides, the Company imported raw material from other country to produce paper to cover our products and furniture from other country to sell in our showrooms. In the 2016 and 2017 fiscal years, the ratio of imported materials to all materials is 3.30% and 3.89%, respectively, of total raw material purchase. Therefore, the risk of currency fluctuation is unavoidable. It may impact to the net profit of the company. However, the Company has prepared the prevention measures to reduce such risk by, on 31 December 2017, the Company has made Forward Contract to ensure stable currency rate with a financial institute in Thailand about 0.11 Million US dollars or 3.43 Million Baht to partially reduce the impacts from such fluctuation in the future. However, the company determined the policy to make such forward contract with sufficient fund at the time it is likely to have a risk in currency exchange fluctuation. The forward contract is not made for acquiring benefit from currency exchange, but to prevent from the risk.

Risk from a lack of long-term purchasing agreements

Presently, the Company manufactures and sells its furniture via the two major channels:

Channel 1: The Company manufactures and sells its made-to-order furniture, mostly to overseas customers. In the fiscal years 2016 and 2017, the value of the Company's made-to-order goods was equal to 767.53 and 752.09 Million Baht, which represented 60.26% and 56.45% of the total furniture sales revenue, respectively.

Channel 2: The Company manufactures and sells its furniture using its own brands to modern trades, which include Tesco Louts, Home Pro, Big C, Mega Home, Thai Wasadu and Winner. In the fiscal years 2016 and 2017, the sales value of the Company's house-brand products was equal to 384.81 Million Baht and 403.56 Million Baht, which represented 30.21% and 30.29% of the total furniture sale revenue, respectively.

The sale of products in the form of production as described above is considered as the main distribution model of the Company. The Company will receive a pre-order plan from both domestic and foreign customers every year. Both domestic and international customers will not make long-term purchase contracts. Therefore, the Company may be exposed to the uncertainty of the quantity of customer orders because there is no long-term purchase contract, that is, customers may reduce order quantity or may not order in the future. Such even may affect the business operation of the Company and its profit. However, due to the Company's quality of production including appropriate pricing when compared to competitors, the Company will be able to take advantage of the high volume of orders to achieve economies of scale and timely delivery of goods. Therefore, foreign customers and all modern trade retail stores have continuously placed orders to the Company.

Production Risks

Risks associated with raw materials

- **Risks associated with raw material shortages**

In the fiscal years 2016 and 2017, the particle board that the Company purchased represented 40.25% and 37.90% of the total raw material purchase value. The proportion of 2017 was slightly decreased because the price of particle board was decreased and the Company used other raw materials to produce furniture such as mixing iron to the products molding.

The Company did not enter into any purchase contracts with any particular suppliers, therefore, the Company might be faced with a risk associated with raw material procurement if the suppliers cannot provide it with sufficient raw materials or refuse to sell them. However, being aware of such risk, the Company was aware of such risk and has prevented it by ordering its necessary raw materials from major potential suppliers, together with maintaining a good relationship with them for a long time. More than 80% of its suppliers have sold the raw materials to the Company for more than 10 years.

- **Risks from fluctuations in raw material prices**

The main raw materials for furniture manufacturing consist of particle board and rubber wood. In 2017, the prices of these raw materials did not swing and did not impact its cost structure. However, the Company's engagement shall continuously implement the policy for production cost control and waste management inside the plant, resulting in decrease in proportion of production cost and cost of sales from 2016 until 2017.

As for rubber trees, at the present, Thailand has planted areas of 23.34 million rais, whereas there is average rate for cutting about 400,000 – 500,000 rais per year. They are planted by farmers mainly for tapping latex to make rubber sheets for sale, so rubber wood is a by-product of growing rubber trees. Because of their lower latex production, older trees will be cut down and sold. Since the restrictions on the cutting of trees in many forests, rubber wood has gained more interest, especially by the furniture manufacturing business. If the demand for rubber wood increases, this will affect the costs of rubber wood and also the profitability of the business. However, it can be seen that since 2014, the price of rubber wood has been more stable.

Overall, concerning the management of the costs of both raw materials, the Company always closely monitors the swing in their prices to prevent risks from price fluctuations that may affect its performance.

- **Risk of labor shortages**

In the business of producing and selling furniture and foil paper, labor is a key factor. As of December 31, 201, the Company had a total of 1,261 employees, which consisted of 289 full-time employees and 972 daily-waged employees. Approximately 80.00% of daily-wage workers are in factories/production, which require a lot of labor. This affects the Company's production costs and competitiveness. During the year, there is always a turnover and expansion of the production process. This may decrease or increase the turnover rate so that the production capacity may be affected during some periods. Being aware of the risks, the Company formulated guidelines for preventing risks of labor shortages, and it has never confronted this problem. In addition, it has plans to improve its production lines by importing sophisticated machines to ensure a better automated system, which will help alleviate the potential impact of labor shortages, to some extent.

Management Risks

Risk from Dependency on Key Executive

The Company has commenced the business operation from the foundation of Mr. Wanlop Suksawad and continuously expanded the business via professional management of the executive group in Suksawad Family. Throughout over than 20 years of business operation, the key executives of the Company has ongoingly created reliability to the business and built good relationship with both domestic and foreign customers. The Company therefore may be exposed to risk from dependency on the key executives of the Company in management. If the key executives are changed, it may affect the Company's business operation. The Company has already realized on such risk and then prepared position succession plan and supported the Company's employees to fully play role in opinion expression and operation under determined authority and carried forward for teamwork in order to build more working potential and efficiency by considering on appropriate and adequate reward together with emphasis on equitable and regular training of every level of employees to have working knowledge and understanding. In addition, the employees are supported and entrusted for higher positions to support the Company's management. Therefore, the Company ensures that it will reduce dependency on the management by the key executives in the future.

- **Risk from Availability of over than 50% of Major Shareholder Group**

Suksawad Group has been the Company's major shareholder group. As of December 31, 2017, it has held the shares in the proportion of 51.20% of issued and paid-up registered capital. The shareholding in such proportion may result in the exposure of risk by the minor shareholders from the influence of the major shareholders on determination of the management policy and control of more than half of the resolution of the Shareholders' Meeting whether being the issue of director appointment or request for resolution in the agenda that must use major votes of the Shareholders' Meeting.

However, the Company's Audit Committee consists of 4 independent directors from total of 9 committee members. All audit committee members of the Company are qualified, well known and acceptable in the society. An audit committee member has assumed the office of the Chairman of the Board and this has been considered as aid in efficiency enhancement and transparency creation in the Company's management. Moreover, the Company has employed Acc-Plus Consultant Company Limited to perform the duty as internal audit unit which is independent from the Management and directly subordinate to the Audit Committee. The Board of Directors also concerns on the significance with good corporate governance under strict compliance with the guideline of good corporate governance. Therefore, the structure with checks and balances can make the Company ensure that all shareholders and stakeholders of the Company will be fairly and equitably treated.

- **Risks from investment in the alternative energy business**

Since in 2017, the Company has expanded its business to renewable energy for both biomass power plant and solar power plant. ECF Power Co., Ltd., a 99.99% subsidiary of the Company, is an investor in various projects. Therefore, the investment in the power plant business may be subject to different risks. Including:

- Risk from the success of project / Risk from the launching of project which is delayed than planned: In terms of the solar power plant project in Minbu City, Myanmar through the acquisition of 20% of shares in Green Earth Power (Thailand) Co., Ltd. Presently, the project is under construction for Phase 1 of first 50 Megawatts from totally 220 megawatts. This may be risky if there are obstacles during project construction resulting in the delaying of the Commercial Operation Date or causing the increase of cost or expenses. Such effect will result in a lower return on investment than expected by the Company.

However, for such risk issue, the Company sent representatives of the Company's directors to attend the meeting and held positions as directors of Green Earth Power (Thailand) Co., Ltd. They attended the meeting and listened to the progress including problems and solutions to make the implementation of the project in close alignment with the plan. The representatives of directors will present details to every Board of Director Meeting to acknowledge the progress of the construction of the project continuously.

- Risk from fluctuations in interest rates: Most of the funding comes from loans of financial institutions, the interest rate that the Company will be charged by a financial institution is determined as the floating interest rate. Therefore, the change of interest rates will directly affect the financial cost of

the project and then affect to the profit sharing which the Company will receive. However, for the Minbu Power Plant Project, the interest rate hedging is set at a fixed rate to reduce the risk of interest rate fluctuation which is in accordance with the terms of the Credit Facility Agreement.

- Risks from the fluctuation of the price of raw materials used as biomass fuel for biomass power plant projects: Since the Company began to recognize the revenue from commercial electricity sales for the Biomass Power Plant Project of Prize of Wood Green Energy Co., Ltd., Narathiwat Province. It uses biomass fuel as raw material for power generation. Generally, chopped wood from rubber wood and mixed woods, if the price of chopped wood delivered to the power plant has significant fluctuations, it may affect the cost of electricity production to be increased and at the end, it will affect the share of profits from over-investment of the Company.

However, for such risk issue, the Company has sent representatives of the Company's directors to attend the meeting and held positions as directors of Prize of Wood Green Energy Co., Ltd. They attend the meeting and listen to the performance of the project on a monthly basis in order to know the proportion of power generation cost and many expenditures incurred by the project. If there is a major change in the team, the Executive Board will urgently seek solutions and keep track of its performance to reduce the impact on the overall project implementation.

Properties Used in Business Operation

Type of Property	Property Description	Ownership	Obligation	Net Value as of 31 December 2017 (MB)	Utilization of Property
1. Land	<ul style="list-style-type: none"> - Land Title Deed No. 22357, 29832, 47836, 55949, 61964 and 55306, located in Thang Kwian Subdistrict, Klaeng District, Rayong Province, total space of 43-0-37 Rais. - Land Title Deed No. 78, 542 and 743 located in Wang Chan Subdistrict, Wang Chan District, Rayong Province, total space of 54-2-11 Rais. - Land Title Deed No. 138570 and 138571 located in Bueng Kham Phroi Subdistrict, Lam Luk Ka District, Pathum Thani Province, total space of 1-0-3 Rais. 	Owned by the Company	Used as Collateral of Credit Limit with financial institute which is the creditor.	96.64	<ul style="list-style-type: none"> - Location of Head Office, Factory Building and Warehouse. - Location of Factory Building and Warehouse. - Location of Showrooms and warehouse of the Company
2. Land Improvement		Owned by the Company	- None -	0.58	Location of Head Office, Factory Building and Warehouse.
3. Buildings	<ul style="list-style-type: none"> - Buildings of Head Office, Factory and Warehouse located on 37/9 Moo 3 Ban Bueng - Klaeng Road, Thang Kwian Subdistrict, Klaeng District, Rayong Province - Buildings of Office, Factory and Warehouse located on 29/1 Moo 3 Soi Chongko-Chumnumnai, Wang Chan Subdistrict, Wang Chan District, Rayong Province - Buildings of Showroom and Warehouse located on 25/28 Moo 12 Bueng Kham Phroi Subdistrict, Lam Luk Ka District, Pathum Thani Province 	Owned by the Company	Used as Collateral of Credit Limit with financial institute which is the creditor.	89.53	Used as Office Building, Factory, Showroom and Warehouse.

Type of Property	Property Description	Ownership	Obligation	Net Value as of	
				31 December 2017 (MB)	Utilization of Property
4.	Building Improvement	Owned by the Company	- None -	30.42	To be used in Factory / Office
5.	Machinery and Factory Equipment	Owned by the Company / Some parts are properties under hire-purchase agreement	Some part of machineries are used as Collateral of Credit Limit with financial institute which is the creditor.	81.86	To be used in Factory
6.	Electrical System	Owned by the Company	- None -	0.10	To be used in Factory / Office
7.	Decoration and Installation and Office Equipment	Owned by the Company	- None -	3.05	To be used in Factory / Office
8.	Showroom Equipment	Owned by the Company	- None -	1.31	
9.	Vehicles	Asset under hire purchase contract	- None -	21.05	To be used in contact and transportation
10.	Utilities System Work	Owned by the Company	- None -	0.00	
11.	Works during the construction and machineries during the installation	Owned by the Company	- None -	26.55	To be used in Factory
	Total			351.09	

Intangible assets used in business operations

As of 31 December 2017, the Company had a net intangible asset of 3.12 Million Baht, such asset is Computer program

The Contract involved in the business operations

Rental and service contracts

As of 31 December, 2017, the Company had rental agreements and service agreements with two lessors to be used as showrooms for distribution of the Company's products under the brands of "ELEGA" and "FINNA HOUSE" as follows:

1. Brand "ELEGA"

Lessors	Location / Renting Space	Rental Period	Contract Renewal
<ul style="list-style-type: none"> • Index Living Mall Co., Ltd. (Index Living Mall) (Additional details in Section 2.11 Connected Transactions) 	<ul style="list-style-type: none"> • Index Living Mall Rangsit Branch : Space 203.12 m² 	<ul style="list-style-type: none"> : 3 years : From 1 Jul.2015 to 30 June 2018 	If the Company wishes to renew the lease contract, it is required to notify the lessor for renewal consideration prior to the expiry date of contract not less than 90 days. The lessor shall have sole right to renew the contract and has the right to adjust the rate of rental and service fees to not more than 10% of the rental and service fees under the lease and service contract.
	<ul style="list-style-type: none"> • Index Living Mall Bang Na Branch : Space 426.90 m² 	<ul style="list-style-type: none"> : 3 years : From 1 Jul 2016 to 31 Jan. 2019 	
	<ul style="list-style-type: none"> • Index Living Mall Bang Yai Branch : Space 132.50 m² 	<ul style="list-style-type: none"> : 3 years : From 28 Oct 2016 to 27 Oct. 2019 	
	<ul style="list-style-type: none"> • Index Living Mall Rattana Thibet Branch : Space 108.00 m² 	<ul style="list-style-type: none"> : 3 years : From 20 Nov. 2015 to 19 Nov. 2018 	
	<ul style="list-style-type: none"> • Index Living Mall Chonburi Branch : Space 148.00 m² 	<ul style="list-style-type: none"> : 3 years : From 1 Jul 2017 to 30 June 2020 	
	<ul style="list-style-type: none"> • Index Living Mall Pattaya 2 Branch : Space 150.70 m² 	<ul style="list-style-type: none"> : 3 years : From 18 Jul. 2017 to 17 Jul. 2020 	
	<ul style="list-style-type: none"> • Index Living Mall Chiang Mai Branch : Space 113.00 m² 	<ul style="list-style-type: none"> : 3 years : From 1 Oct. 2015 to 31 Jul. 2018 	
	<ul style="list-style-type: none"> • Index Living Mall Ratchapruuek Branch : Space 141.40 m² 	<ul style="list-style-type: none"> : 3 years : From 23 Feb. 2015 to 22 Feb. 2018 	
	<ul style="list-style-type: none"> • Index Living Mall Kaset-Nawamin Branch : Space 173.00 m² 	<ul style="list-style-type: none"> : 3 years : From 26 May 2015 to 25 May 2018 	

Lessors	Location / Renting Space	Rental Period	Contract Renewal
	• Index Living Mall Nakhon Ratchasima Branch : Space 146.00 m ²	: 3 years : From 1 Jul. 2017 to 31 May 2020	
	• Index Living Mall Hat Yai Branch : Space 151.00 m ²	: 3 years : From 1 Mar. 2015 to 28 Feb. 2018	
	• Index Living Mall Hat Yai Branch : Space 326.30 m ²	: 3 years : From 11 Aug. 2017 to 10 Aug. 2020	
	• Index Living Mall Rayong Branch : Space 138.40 m ²	: 3 years : From 28 Aug. 2015 to 27 Aug. 2018	
	• Index Living Mall Surat Thani Branch : Space 134.50 m ²	: 3 years : From 24 Jul. 2015 to 23 Jul. 2018	

Lessors	Location / Renting Space	Rental Period	Contract Renewal
• Home Product Center Public Company Limited (Home Pro)	• Home Pro Chachoengsao Branch : Space 75.41 m ² • Home Pro Chaiyapruet Branch : Space 125.00 m ² • Home Pro Nakhon Ratchasima Branch : Space 100.00 m ² • Home Pro Phutthamonthon Sai 5 Branch : Space 190.00 m ²	: 3 years : From 26 Mar. 2014 to 25 Mar. 2017 : 3 years : From 26 Feb. 2016 to 25 Feb. 2019 : 3 years : From 1 Sep. 2016 to 31 Aug. 2019 : 3 years : From 16 Oct. 2016 to 15 Oct. 2019	If the Company wishes to renew the lease contract, it is required to notify the lessor for renewal consideration prior to the expiry date of contract not less than 180 days. The adjustment of rental and service fee rate will be considered at times based on the current lease and service contract.

2. Brand “FINNA HOUSE”

Lessors	Location / Renting Space	Rental Period	Contract Renewal
• Home Product Center Public Company Limited (Home Pro)	• Home Pro King Kaew Branch : Space 50.00 m ²	: 3 years : From 1 Aug. 2015 to 31 Jul. 2018	If the Company wishes to renew the lease contract, it is required to notify the lessor for renewal
Index Living Mall Co., Ltd. (Index Living Mall) (Additional details in Section 2.11 Connected Transactions)	• Index Living Mall Chaiyaprupek Branch : Space 82.47 m ²	: 3 years : From 22 Nov. 2015 to 21 Nov. 2018	consideration prior to the expiry date of contract not less than 180 days. The adjustment of rental and service fee rate will be considered at times based on the current lease and service contract.

Management Structure

Board of Directors

As of December 31, 2017, the Company's Board of Directors consisting of 9 Directors as follows.

- | | | |
|---------------------------|---------------|--|
| • General Therdsak | Marom | Chairman of the Board/ Audit Committee Member / Independent Director |
| • Assoc. Prof. Dr. Montri | Socatiyanurak | Chairman of the Audit Committee / Independent Director |
| • Assoc. Prof. Songklod | Jarusombat | Audit Committee Member / Independent Director |
| • Dr. Ekarin | Vasanasong | Independent Director |
| • Mr. Chalee | Suksawad | Vice President |
| • Mr. Wanlop | Suksawad | Director |
| • Mr. Arak | Suksawad | Director |
| • Miss Tippawan | Suksawad | Director / Company Secretary |
| • Mrs. Waraporn | Suksawad | Director |

The Company secretary is Miss Tippawan Suksawad and secretary to Board of Directors is Miss Pachanan Singphu.

The Authorized Directors are :

- Mr. Wanlop Suksawad
- Mrs. Waraporn Suksawad
- Mr. Chalee Suksawad
- Mr. Arak Suksawad
- Miss Tippawan Suksawad

at least 2 Directors together jointly sign with the Company's seal affixed.

Limitation of directors' powers : - None -

Note : Investors can find more details in the section of Details of Directors, Executives and Company Secretary.

In the Board of Director, there is 1 independent director named Assoc. Prof. Songklod Jarusombat who is knowledgeable in forest resources, specializing in forest products and social forestry. Such knowledge and specialty are related to wood furniture business of the company.

Additionally, there is 1 more independent director named Dr. Ekarin Vasanasong who is knowledgeable in forest resources, specializing in electrical and power engineering which is related to the business of renewable energy that the Company is investing to expand its business operation.

The directors appointed to be the independent director shall not be under the authority of executives and major shareholders.

Definition of Independent Committee of the Company

(Stricter than minimum regulation of SEC and SET)

- Holding shares not over 0.5%* of all shares with right to vote of the company, subsidiary, holding company, joint venture, major shareholder or the authority of the company. Nevertheless, it includes shareholding of the relevant of that independent committee too.
- Not or used to be the committee participating with administrating employee, staff, counselor with salary or the authority of the company, holding company, subsidiary, joint venture, major shareholder or the authority of the company unless being retired from such position not less than 2 years before permission to the office. Nevertheless, such prohibited characteristics do not include the independent committee used to be a bureaucrat or counselor of the government that is a major shareholder or authority of the company.
- Not being a person with consanguinity or legal relationship as a father, mother, spouse, sibling and child including the spouse of child of the executive or major shareholder, the authority or a person to be proposed as an executive or the authority of the company or subsidiary.
- Not having or used to have business relationship with the company, parent company, subsidiary, associated company, major shareholder or the authority of the company that is to interrupt free discretion of yourself and not being or used to be an implicit shareholder or the authority with business connection with the company, holding company, subsidiary, joint venture, shareholder or the authority of the company unless being retired from that position at least 2 years before permission to the office.

The business relationship under paragraph one including the regular commercial transactions which was regularly conducted for business operation, rent or lease of real estate, transaction relating to asset or service or providing or receiving financial assistance by accepting or lending, guarantee, providing assets as secured debt as well as other similar situations which make the Company or the contract party owes the debt to the other party from 3% of net tangible assets of the Company or 20 Million Baht up, whichever is lower. The calculation of such indebtedness shall be in accordance with the method of calculating the value of connected transactions based on the Notification of the Capital Market Supervisory Board regarding the criteria for entering into connected transactions, mutatis mutandis. However, the consideration of such indebtedness will include the debt incurred during the 1 year before the date of business relationship with the same person.

- Not being or used to be the auditor of the company, holding company, subsidiary, joint venture, major shareholder or the authority of the company and not being an implicit shareholder or the authority or partner of auditing office of the company, holding company, subsidiary, joint venture, major shareholder or the authority of the company unless being retired from that position at least 2 years before the date of permission to the office.
- Not being or used to be the professional provider including legal counselor or financial advisor that receives wages more than 2 million Baht per annum from the company, holding company, subsidiary, joint venture, major shareholder or the authority of the company and not being an implicit shareholder or authority or partner of that professional provider unless being retired from that position at least 2 years before the date of permission to the office.

- Not being a committee appointed to be the representative of company's committee, major shareholder or those who are relevant to major shareholders.
- Not running the business with same trait that is the competition with the business of the company or subsidiary and not being implicit partner in partnership or a committee participating in administering employee and staff, salary advisor or holding share beyond 1% of all shares with rights to vote of other companies that have same characteristic and implicit competition with the company or subsidiary.
- Not having any other traits that interrupt free opinion about operation of the company.

*The Company has determined this criteria to be stricter than the Notification of the Capital Market Supervisory Board No. Thor.Jor. 39/2559, which is set to hold no more than 1%.

Scope of duties and responsibilities of Chairman

- Chairman organizes and convokes for the board of directors, preside over the board meetings and shareholder meeting, and consider with the managing director for the agendas of the meetings.
- Chairman controls the meetings to continue efficiently and go together with the Company's regulations and support the opportunity for each director could express the opinion independently.
- Support the board of directors could perform their roles with full competency according to the scopes of responsibilities and good corporate governance.
- Control the policy and strategy of management team but is not participated for the daily working same as the management team.
- Taking care of, follow up the scope of works of the board of directors and subcommittee to achieve the determined objectives or committee's charter.
- Act as casting voter in case the board of directors performs equal voting in any agenda.

Scope of duties and responsibilities of Board of Directors

The Company's directors must fulfill their duties in compliance with the law, the objectives and the Company's Articles of Association, and the resolutions of shareholders' meetings, and with all due honesty, integrity, and care for the interests of the Company.

- Accountability to Shareholders. The Company respects shareholders' right and treats all shareholders fairly and equitably.
- Formulating the Company's policy and direction
- Authorized to approve the responsibility chart
- To control and monitor the management's discharge of functions in accordance with the policies set forth in an efficient and effective manner in order to maximize the company's economic value.
- To approve capital investment to expand the business including to joint venture capital with other company.
- To take the responsibility of preparation financial reports and provide to the auditor and / or the audit committee.
- To appoint the Executive Director and define the authority and responsibilities of the Executive Committee.

However, the committee who has any conflict of interest or any other conflict of interest with the company shall be not entitled to vote on such respective matter.

In addition, in any of the following cases, it shall be approved by the Board of Directors Meeting, and the Meeting of Shareholders with votes of not less than 3 out of 4 of the total votes of shareholders attending the meeting and entitled to vote.



- Sale or transfer of either whole or substantial part to any other person.
- Purchase or acquisition of a private company or other public company.
- Amend or cancel the contract relating to the leases of the company either whole or substantial part, assign any other person to manage the businesses of the company, or a merger with another person for the purpose of sharing profit and loss.
- Amend or add the Articles of Association or company's regulations.
- Increase or decrease of the registered capital, Dissolution, Issue of the debentures, and Company's merger with another company.

The Structure of the Board of Directors consists of 9 members, 4 independent directors / 3 Audit committee members, and 1 of 3 independent directors shall be the Chairman of the Board who is not the same person to the Managing Director. The Board of Director should have various areas of knowledge and expertise such as accounting, finance, administration, production, marketing, energy, etc.

Audit Committee

As of December 31, 2017, the Company has three Audit Committee members consisting of

- | | | | |
|----|---------------------------------|---------------|---------------------------------|
| 1. | Associate Professor Dr. Montree | Socatiyanurak | Chairman of the Audit Committee |
| 2. | General Terdsak | Marom | Audit Committee Member |
| 3. | Associate Professor Songklod | Jarusombat | Audit Committee Member |

Miss Pimrumpai Boonchana is the secretary of the Audit Committee.

Note : The Audit Committee member who has the knowledge and experience in reviewing the reliability of financial statements is Associate Professor Dr. Montree Socatiyanurak.

Scope of Authorization and Responsibility of the Audit Committee

1. Review to ensure that the Company has correct and adequate financial reports.
2. Review to ensure that the Company has appropriate and effective internal controls and internal auditing and consider the independency of the Internal Audit Department as well as providing opinions to consider the assignment, rotation and termination of internal auditors or other departments which are responsible for internal audits.
3. Review to ensure that the Company has complied with law pertaining to the Stock Exchange, regulations of the Stock Exchange and relevant laws on business of the Company
4. Consider, select and propose to nominate individuals who are independent to perform the duties of an auditor for the Company, as well as propose the amount of compensation for the aforementioned individuals, and to attend the meeting with auditor without participation of management team at least one a year.
5. Consider items which are related to items that may have conflicts of interest to be in accordance with applicable laws and regulation of the Stock Exchange to ensure that these items are reasonable and results in ultimate benefits for the Company
6. Prepare reports of the Audit Committee and disclose the Committees findings in the Company's Annual Report. The mentioned reports must be signed by Chairman of the Audit Committee and must be composed of the following minimum information:
 - (a) Opinion on the correctness, completeness, reliability of the financial report of the Company.
 - (b) Opinion on adequacy of the internal controls of the Company.
 - (c) Opinion on the compliance with laws pertaining to assets and the Stock Market, regulations of the Stock Market, or relevant laws pertaining to the business of the Company
 - (d) Opinion on the suitability of the auditor
 - (e) Opinion on possible conflicts of interest items
 - (f) Numbers of meetings of the Audit Committee and participation in the meeting of each Committee
 - (g) Opinion or overall observation by the Audit Committee during the performance of their duty in accordance with Charter of the Audit Committee (Charter)
 - (h) Other items which shall be acknowledged by shareholders and general investors under the scope of duty and responsibility designated by the Committee of the Company
7. Any action in accordance with the Committee of the Company assigned with the approval of the Audit Committee.
8. The Chairman of the Audit Committee and the Audit Committee have a term of office as indicated in the regulations of the Company

Executive Committee

As of December 31, 2017, the Company has four Executive Committee members consisting of:

- Mr. Wanlop Suksawad Chairman of Executive Committee
- Mr. Chalee Suksawad Executive Committee Member
- Mr. Arak Suksawad Executive Committee Member
- Miss Tippawan Suksawad Executive Committee Member

Scope of Authorization and Responsibility of the Executive Committee

- Give order, plan and ensure that the Company's operations are consistent with policies provided by the Board of Directors.
- Determine business strategies.
- Plan investment and capital raising process according to the Company's policies.
- Plan and manage company's operation according to the frameworks and policies assigned by the Board of Directors.
- Propose appropriate investment and/or fundraising plans to the Board of Directors and/or the Shareholder's meetings.
- Have authority in any resource allocation, procurement, leasing, renting, and utilization as approved by the Board of Directors.
- Approve procurement, cancellation, or selling of assets, investments and other expenses necessary for business operation, details are mentioned in the authority plan.
- Approval of expense on operation, expense of selling and administrative and capital expenditure according to the budget approved by the Board of Directors. Detail of authorities is in accordance to the structure of Authorization.
- Approval of loans from banks, corporations, and/or other institutions according to the budget approved by the Board of Directors. Detail of authorities is in accordance to the structure of Authorization.
- Determine employee's benefits as appropriate to situations, cultures and relevant regulations.
- Perform other matters to support the operation as assigned by the Board of Directors in occasionally.

In all, the aforementioned authorities of the Executive Board do not cover approval of any transaction that the Executive Board or related person may potentially have conflict of interests with the Company or subsidiaries (if any). The transaction with such nature must be proposed to the Board of Directors or the Shareholders' meeting (depending on the issue) for approval according to the Company's regulations or relevant laws.

Risk Management Committee

As of December 31, 2017, the Company has four Risk Management Committee members consisting of:

- | | |
|---|---------------------------------------|
| • Associate Professor Dr. Montree Socratyanurak | Chairman of Risk Management Committee |
| • Associate Professor Songklod Jarusombat | Risk Management Committee Member |
| • Mr. Chalee Suksawad | Risk Management Committee Member |
| • Mr. Arak Suksawad | Risk Management Committee Member |

Scope of Authorization and Responsibility of the Risk Management Committee

- Determine policies and guidelines of risk management based on overall business operation of the Company that may have to cover all types of important risks such as financial risk, exchange rate risk and marketing risk and other risks that may impact the operation.
- Evaluate and analyze risk factors that can happen to the organization and determine risk criteria of risk measurement to monitor, audit and determine level of risk that the Company can accept.
- Manage and control overall risk management of the organization in accordance with good governance principles.
- Perform duties based on assignment from the Company.

The Risk Management Committee will conduct the meeting twice a year and report to the Nomination Committee and the Board of Directors for acknowledgement.



Nomination Committee

As of 31st December 2017, the company appointed 3 Nomination Committee members as follows:

- Assoc. Prof. Songklod Jarusombat Chairman of the Nomination Committee / Independent Director
- Mr. Chalee Suksawad Nomination Committee Member
- Mr. Arak Suksawad Nomination Committee Member

Scope of authority and responsibility of the Nomination Committee

- Select the appropriate candidate proposed to be a director, a managing director according to the agreed criteria or nomination procedures with transparency to propose the selected person in the meeting of the Board of Director.
- Organize trainings or development plan for directors and executives to increase knowledge about the managerial skill of directors and company business.
- Organize the development plan to improve managing director and executives (Succession plan) to prepare the selected candidate to continue the duties in case of retirement, resignation or incapability of current directors.
- Perform duties as appointed by the Board of Directors.

Remuneration Committee

As of 31 December 2017, the company appointed 3 Remuneration Committee members as follows.

- Assoc.Prof.Dr. Montree Socratyanurak Chairman of Remuneration Committee/ Independent Director
- Mr. Chalee Suksawad Remuneration Committee Member
- Mr. Arak Suksawad Remuneration Committee Member

Scope of authority and responsibility of the Remuneration Committee

- The Remuneration Committee will propose the remuneration policy, means and criteria of paying remuneration to directors and Managing Director. The mean and criteria for remuneration payment will be suitable by proceeding as follows:
 - Review the appropriateness of current criteria.
 - Consider information on compensation of other companies performing similar business activity to compare the appropriateness.
 - Determine appropriate criteria to achieve expected result based on fairness and provide an appropriate compensation for those who bring a success to the company.
 - Review the method of all types of compensations; amount of payment and payment structure shall be appropriate.
 - Consider the compensation to be in accordance with regulation of the company or governmental authority, including related suggestions.
- Evaluate the performance of Managing Director and report the Board of Directors for approval.
- Determine the annual compensation of Directors and Managing Directors.
- Perform other duties as appointed by the Board of Directors.

Management Team

As of December 31, 2017, there are seven directors as the names were shown below:

- | | | |
|------------------|-----------|---|
| • Mr. Arak | Sukasawad | Managing Director, Sale and Marketing Director (Be in charge) |
| • Ms. Tippawan | Sukasawad | Deputy Managing Director |
| • Mr. Sittichoke | Chinnurat | Assistant Managing Director (Head Office) |
| • Mrs. Supak | Sukasawad | Assistant Managing Director (Branch 1) |
| • Ms. Pachanan | Singphoo | Accounting and Financial Director |
| • Mr. Racha | Pojariya | Factory Director of Head Office |
| • Mr. Aathaphol | Thanaphol | Factory Director of Branch 1 |

Note : Details of Directors, Executives and Company Secretary are shown in the attachment.

Scope of duty and responsibility of Managing Director

- Supervise the operations of the company in accordance with the policy or business plan, and able to authorize other director or person to manage the daily assignment.
- Authorized to define and monitor the overall operating system in order to be in the line with the Company's policy.
- To execute as the Board of Directors and / or Executive Director's Committee assign.
- The Executive Director Committee is authorized to approve the purchase, hire, lease, hirepurchase, sale any properties, and authorized to make investment, and spending any expenses necessary to the operation of the company as detailed in the authority plan approved by the Board of Director.
- Authorized to approve the purchase of property, or any payment due to the company's operations as to the contract and / or agreements with suppliers as detailed in the authority plan set forth by the Board of Director.
- To consider investment plan and / or funding for the company to propose to the Board of Directors and / or Executive Director's Committee by orderly.
- Authorized to hire, appoint, transfer, discharge, terminate, determine wage rate, reward, increase salaries, remuneration and bonus for all employees whose positions are lower than the division manager level.

- Authorized to open and close various types of deposit account with bank or financial institute in order to facilitate for the Company's operation.
- Require authorization of designation the Advisors who are appropriate for the Company's operation from Board of Director's Committee.
- Authorized to execute the command, regulations, announcement, memorandum in order to be in line with the Company's policy, and to maintain internal discipline.
- To propose the administrative model to Board of Director's Committee.
- To propose the overall operation's conclusion to Board of Director's Committee and Executive Director's Committee.
- To control and monitor on domestic and foreign marketing.

However, delegation of authority and responsibility of the president as above articles, the president must follow the regulations which approved by Board of Director's Committee. The delegation must be accompanied by responsibilities and limitation of the control and must not be delegated to persons in circumstances that would lead to conflicts of interest with the Company and its subsidiaries (accordance with the 'Notification of the Capital Market Supervisory Board). The above approval must propose to Board of Director's Committee in the shareholders' meeting according to the Company's regulations or related laws.

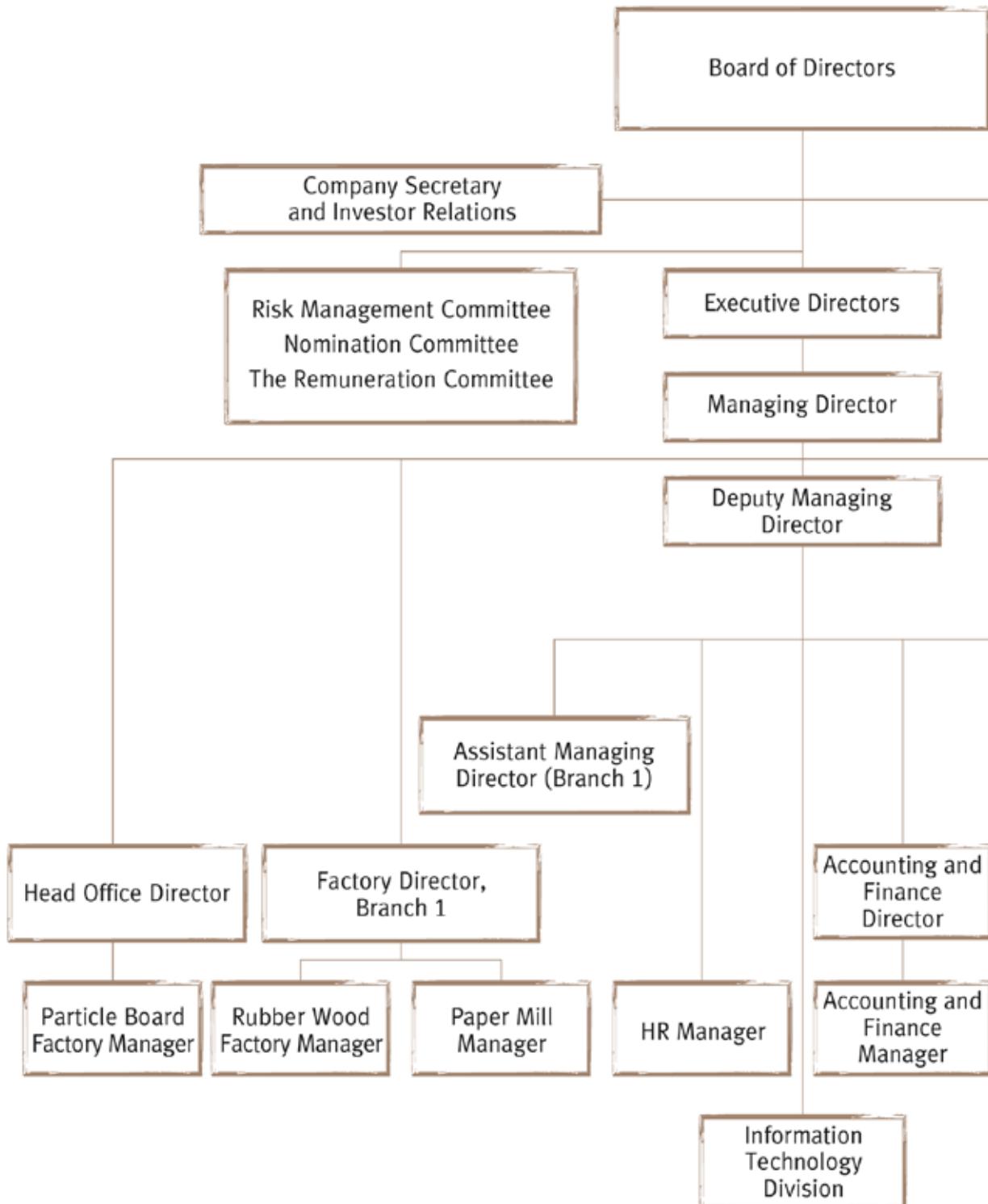
For any other purposes except for the above articles, the president does not have the authority unless, occasionally assigned from Board of Director's meeting only.

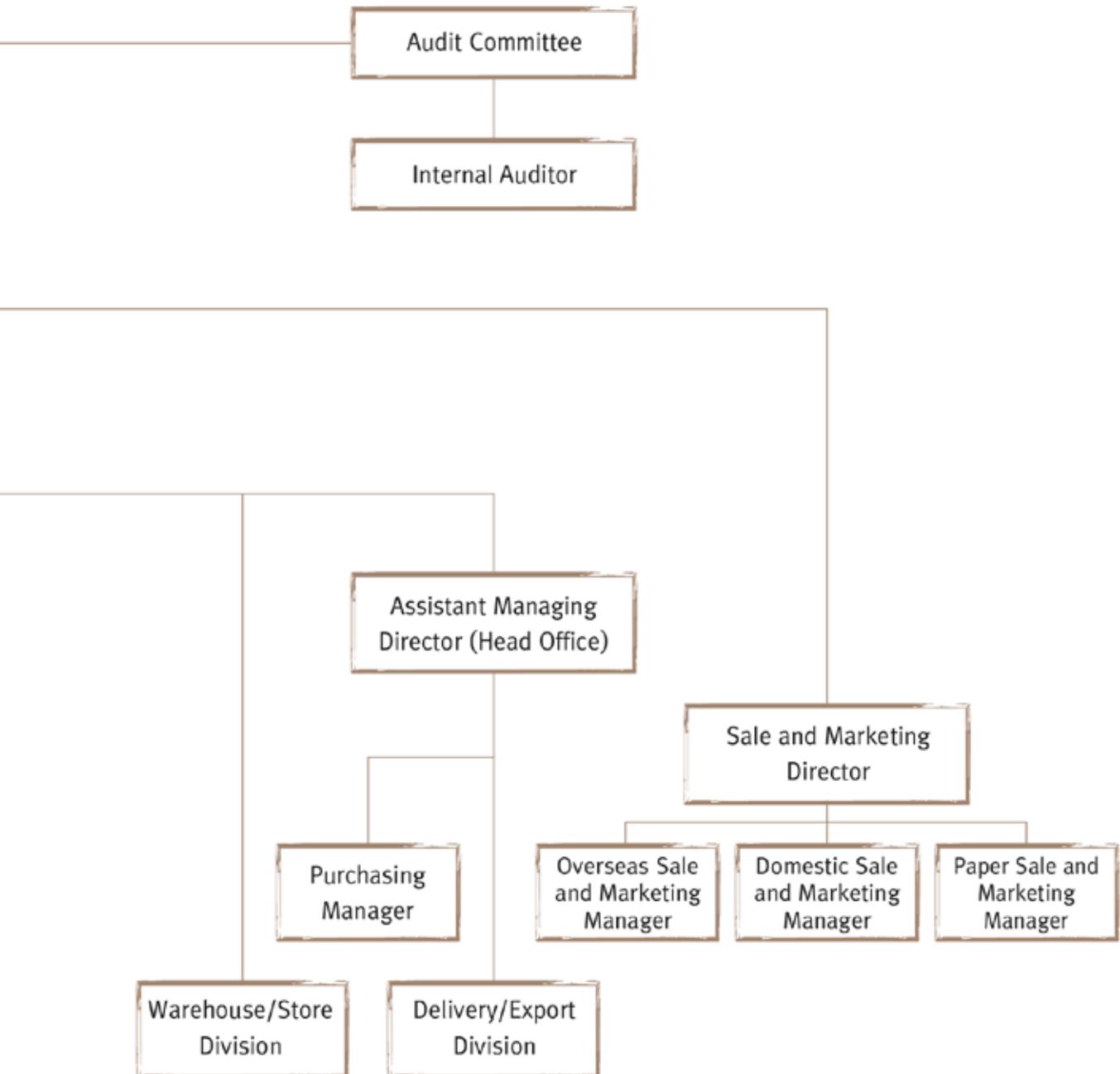
Authorization of credit limit

Subject	Management	Managing Director	Deputy Managing Director	Assistant Managing Director
1. Approval for the provision of real estate fixed assets.	Not more than 60,000,000 Baht	Not more than 30,000,000 Baht		-
2. Approval for Sales realestate assets	Not more than 40,000,000 Baht	Not more than 10,000,000 Baht		-
3. Approval purchase for maintenance	Not more than 30,000,000 Baht	Not more than 10,000,000 Baht	Not more than 2,000,000 Baht	Not more than 100,000 Baht
4. Approval for the purchase of office equipment and supplies.	Not more than 20,000,000 Baht	Not more than 10,000,000 Baht	Not more than 1,000,000 Baht	Not more than 100,000 Baht
5. Approval for sales of assets excluding real estate	Not more than 20,000,000 Baht	Not more than 5,000,000 Baht		-
6. Approval for loan / borrowing	Not more than 100,000,000 Baht	-		-

Note : Should the approval is beyond the authority of Executive Committee, an approval from the Board of Directors is required.

Organization Chart





Company Secretary and Investor Relations

Company Secretary

Miss Tipawan Suksawad is ECF's Company Secretary according to Section 89/15 The Public Limited Companies Act B.E. 2535 and The Public Limited Companies Act B.E. 2551 (No. 4) and shall perform the duties with responsibilities as follows:

1. To basically advise the Board of Directors regarding the related laws, rules and regulations, the Company's Articles of Associations and ensure that the Board of Directors comply with such laws as well as report all significant changes in relevant laws, rules and regulations to the Board of Directors.
2. To coordinate between the Board of Directors and executive management in the relevant laws, rules and regulations.
3. To organize the Board of Directors' meeting, the annual general meeting of shareholders as required by laws.
4. To record the minutes of the said meetings, as well as to monitor the relevant parties to efficiently comply with the said resolutions of those meetings.
5. To disclose to the shareholders and other related parties according to the rules and regulations stipulated by the SEC and SET, and to prepare a policy on good corporate governance of the Company.
6. To be "Contact Person" with all relevant regulatory authorities; SEC, SET and TSD.
7. To take care and keep in custody of important documents, such as
 - Register of Directors
 - Notice and minutes of the Board of Directors' Meeting
 - Notice and minutes of the Shareholders' Meeting
 - The Register of major Shareholders, Register of Directors and Executives
 - Reports of conflicts of interest filed by directors and the management
 - Annual Report
 - Annual Registration Statement (Form 56-1)
8. To perform other tasks as assigned by the Board of Directors and the Capital Market Supervisory Board

In addition, should the Company Secretary be unable to perform his duty, Board of Directors shall appoint a new Company Secretary within 90 days after the position is vacant. Board of Directors is authorized to appoint a director to resume the work during that period.

Compensation for Executive Directors and Management

- **Monthly Compensation**
- **Compensation in monetary form**
- **Director's and sub-committee's remuneration**

In the 2017 Annual General Meeting of Shareholders held on 28 April, 2017, the meeting approved and determined the 2017 remuneration for directors as follow:

- Monthly Compensation :

- Chairman of the Board	28,000	Baht per month
- Directors	18,000	Baht per person per month
- Chairman of the Audit Committee	23,000	Baht per month
- Audit Committee Members	18,000	Baht per person per month

Meeting Allowance for Board of Directors and all sub committees : THB 7,000 / person / time, consist of sub committees as follows;

1. Board of Directors
2. Audit Committee
3. Risk Management Committee
4. Nomination Committee
5. Remuneration Committee

- Bonus or Incentive: Consider from overall operational performance

The company approved and determined the 2017 remuneration for the directors amounted to not more than THB 4,500,000 which is the same amount as year 2016.

Note : As Corporate Governance Policy, the Company has set out and control the director and senior executive remuneration except salary and meeting allowance as above detail or as approved at the board's meeting. In case of other remunerations over 1,000,000 Baht/person/year, it must be declared at the board's meeting reasonably and must be approved previously.

The number of directors attending a meeting during 2015 – 2017 as shown below.

Board of Directors

Name of Members	2515		2516		2517	
	Number of meeting	Number of attendance	Number of meeting	Number of attendance	Number of meeting	Number of attendance
1. General Therdsak Marom	8	8	9	9	15	15
2. Asso.Prof.Dr. Montri Socratayanurak	8	8	9	9	15	15
3. Asso. Prof. Songklod Jarusombat	8	7	9	9	15	13
4. Mr. Chupong Thanasetthakorn	-	-	5	5	-	-
5. Dr. Ekarin Vasanasong	-	-	-	-	9	9
6. Mr. Chalee Suksawad	8	8	9	9	15	12
7. Mr. Wanlop Suksawad	8	8	9	9	15	15
8. Mr. Arak Suksawad	8	8	9	9	15	15
9. Mr. Arak Suksawad	8	8	8	9	15	14
10. Ms. Tippawan Suksawad	8	8	9	9	15	13

Note : • The Annual General Meeting of Shareholders held on April 8, 2016, approved the appointment of a new director, namely Mr.Chupong Thanasetthakorn, assuming a position of the Independent Director and resigned from the Board of Directors held on November 18, 2016.

- Dr. Ekarin Vasanasong was appointed to hold the position of director in the Board of Directors of the Company and Independent Director, in accordance with the resolution of the Annual General Meeting of Shareholders for the year 2017 held on April 28, 2017.

Audit Committee

Name of Members	2515		2516		2517	
	Number of meeting	Number of attendance	Number of meeting	Number of attendance	Number of meeting	Number of attendance
1. General Therdsak Marom	4	4	4	4	5	5
2. Asso.Prof.Dr. Montri Socatyanurak	4	4	4	4	5	5
3. Asso. Prof. Songklod Jarusombat	4	3	4	4	5	4

Risk Management Committee

Name of Members	2515		2516		2517	
	Number of meeting	Number of attendance	Number of meeting	Number of attendance	Number of meeting	Number of attendance
1. Asso.Prof.Dr. Montri Socatyanurak	3	3	3	3	3	3
2. Asso. Prof. Songklod Jarusombat	3	3	3	3	3	2
3. Mr.Chalee Suksawad	3	3	3	3	3	3
4. Mr.Arak Suksawad	3	3	3	3	3	3

Nomination Committee

Name of Members	2515		2516		2517	
	Number of meeting	Number of attendance	Number of meeting	Number of attendance	Number of meeting	Number of attendance
1. Asso. Prof. Songklod Jarusombat	1	1	2	2	2	2
2. Mr.Chalee Suksawad	1	1	2	2	2	2
3. Mr.Arak Suksawad	1	1	2	2	2	1

Remuneration Committee

Name of Members	2515		2516		2517	
	Number of meeting	Number of attendance	Number of meeting	Number of attendance	Number of meeting	Number of attendance
1. Asso.Prof.Dr. Montri Socatyanurak	1	1	1	1	1	1
2. Mr.Chalee Suksawad	1	1	1	1	1	1
3. Mr.Arak Suksawad	1	1	1	1	1	1

Director's remuneration in the past 3 years (during 2015 – 2017) as shown below.
Board of Directors including their positions in each subcommittee.

Unit : Baht

Name	2015				2016				2017			
	Salary	Meeting Allowance	Bonus	Total	Salary	Meeting Allowance	Bonus	Total	Salary	Meeting Allowance	Bonus	Total
1. General Thersak Marom	480,000	65,000	120,000	665,000	552,000	98,000	120,000	770,000	552,000	161,000	120,000	833,000
2. Asso.Prof.Dr. Montri Socratyanurak	420,000	80,000	120,000	620,000	492,000	119,000	120,000	731,000	492,000	189,000	120,000	801,000
3. Asso.Prof. Songklod Jarusombat	360,000	70,000	60,000	490,000	430,000	112,000	60,000	604,000	432,000	168,000	60,000	660,000
4. Mr. Chupong Thanasetthakorn	-	-	-	-	135,000	35,000	-	170,000	-	-	-	-
5. Dr. Ekarin Vasanasong	-	-	-	-	-	-	-	-	144,000	77,000	35,000	256,000
6. Mr.Chalee Suksawad	180,000	65,000	60,000	305,000	216,000	91,000	60,000	367,000	216,000	147,000	-	363,000
7. Mr. Wanlop Suksawad	180,000	45,000	60,000	285,000	216,000	63,000	60,000	339,000	216,000	126,000	-	342,000
8. Mrs. Waraporn Suksawad	180,000	65,000	60,000	305,000	216,000	84,000	60,000	360,000	216,000	154,000	-	370,000
9. Mr.Arak Suksawad	180,000	45,000	60,000	285,000	216,000	70,000	60,000	346,000	216,000	112,000	-	328,000
10. Ms. Tippawan Suksawad	180,000	45,000	60,000	285,000	216,000	70,000	60,000	346,000	216,000	126,000	-	342,000
Total	2,160,000	480,000	600,000	3,240,000	2,691,000	742,000	600,000	4,033,000	2,700,000	1,260,000	335,000	4,295,000

Note : - The Annual General Meeting of Shareholders held on April 8, 2016, approved the appointment of a new director, namely Mr.Chupong Thanasetthakorn, assuming a position of the Independent Director and resigned from the Board of Directors held on November 18, 2016.
- Dr. Ekarin Vasanasong was appointed to hold the position of director in the Board of Directors of the Company and Independent Director, in accordance with the resolution of the Annual General Meeting of Shareholders for the year 2017 held on April 28, 2017.

Audit Committee

Name	2015				2016				2017			
	Salary	Meeting Allowance	Bonus	Total	Salary	Meeting Allowance	Bonus	Total	Salary	Meeting Allowance	Bonus	Total
1. Asso.Prof.Dr. Montri Socratyanurak	180,000	20,000	-	200,000	276,000	28,000	-	304,000	276,000	35,000	-	311,000
2. General Thersak Marom	120,000	20,000	-	140,000	216,000	28,000	-	244,000	216,000	35,000	-	251,000
3. Asso. Prof. Songklod Jarusombat	120,000	15,000	-	135,000	216,000	28,000	-	244,000	216,000	28,000	-	244,000
Total	420,000	55,000	-	475,000	708,000	84,000	-	792,000	708,000	98,000	-	806,000

Risk Management Committee

Name	2015	2016	2017
	Meeting Allowance	Meeting Allowance	Meeting Allowance
1. Asso.Prof.Dr. Montri Socratyanurak	10,000	14,000	21,000
2. Asso. Prof. Songklod Jarusombat	10,000	14,000	14,000
3. Mr.Chalee Suksawad	10,000	14,000	21,000
4. Mr.Arak Suksawad	10,000	14,000	21,000
Total	40,000	56,000	77,000

Nomination Committee

Name	2015	2016	2017
	Meeting Allowance	Meeting Allowance	Meeting Allowance
1. Asso. Prof. Songklod Jarusombat	7,000	14,000	14,000
2. Mr.Chalee Suksawad	7,000	14,000	14,000
3. Mr.Arak Suksawad	7,000	14,000	7,000
Total	21,000	42,000	35,000

Remuneration Committee

Name	2015	2016	2017
	Meeting Allowance	Meeting Allowance	Meeting Allowance
1. Asso.Prof.Dr. Montri Socratyanurak	7,000	7,000	7,000
2. Mr.Chalee Suksawad	7,000	7,000	7,000
3. Mr.Arak Suksawad	7,000	7,000	7,000
Total	21,000	21,000	21,000

Remuneration for Executives

Remuneration for Executives	2015		2016		2017	
	No. of Persons (persons)	Amount (Baht)	No. of Persons (persons)	Amount (Baht)	No. of Persons (persons)	Amount (Baht)
Salary	7	10,824,000	7	9,990,760	7	10,008,720
Bonus	-	476,000	-	773,730	-	736,060
Provident Fund	7	342,720	7	332,283	7	335,184
Total	7	11,642,720	7	11,096,773	7	11,079,934

In case that the revisions of additional compensations to the Company's Board of directors and / or executives are not parts of their salaries, wages, benefits, pension, bonus which value more than 1,000,000 Baht for each person/ year, the revision must be brought to a meeting indicating the needs of the additional compensations. The revisions must be reasonable and can be verified as reasonable. For example, by assigning an official vehicle; all expenses involved such as monthly payments and a driver's wages that are worth more than 1,000,000 Baht (for each person/ year) must be brought to a meeting for verification and approval by the Board Committee.

Other Remuneration

- None -

4. Personnel

No. of Employees (excluding the management team)

The number of the Company and subsidiaries' employee in the past 3 years (during 2015 - 2017) as shown below.

Employee Category	As of	As of	As of
	31 December 2015	31 December 2016	31 December 2017
	No. of persons	No. of persons	No. of persons
Full time employees	212	253	334
1. Management	11	11	11
2. Marketing	50	102	154
3. Factory/Production	63	55	66
4. Accounting and Finance	21	20	24
5. Purchasing	12	13	12
6. HR/Administration	32	26	34
7. Store/Warehouse	8	17	15
8. Delivery / Export	11	5	11
9. IT	4	4	7
Part time employees (daily)	849	960	872
Total	1,061	1,213	1,206

Note : 79.14 percent of part-time employees (daily) are factory/production division's employees and 65.95 percent of part time employees are migrants workers.

Remuneration for Staff and Employees

Unit : Baht	2015	2016	2017
Salary, Bonus and Provident Fund for full time employees	67,526,241	70,399,617	70,921,236
Wage for part time employees	123,928,952	141,600,598	141,954,236
Seminar attendance fee	72,797	72,797	113,467
Total	191,527,990	212,073,012	212,988,915

Note : The Board of Directors' Meeting No. 4/2555 held on September 25, 2012 approved the establishment of the provident fund, which the Company completed the establishment on 20 November 2012

The Company's remuneration process is mainly considered from the growth and performance of the Company in each year. In addition, such increase shall cover the inflation rate in each year as well as each employee's dedication and performance.

Labor litigation case during the past 3 years

- None -

Personnel Development Policy

Realizing the importance of HR as a major driving force for our sustainability, the Company clearly and regularly plans the HR strategy on an annual basis in order to increase capabilities of all employees. The Company also arranges training both inside the Company and other government or private sectors' courses. Moreover, appropriate benefits are provided for good morale and they are updated regularly.

Main development plans are as follows:

- Employees participate in setting the work direction in their own department for effectiveness and efficiency by presenting their own viewpoints of working to develop their own works.
- The Company creates working atmosphere for all employees to share the Company's success and the remuneration is considered as a whole and as an individual to award their devotion and determination.
- The Company arranges working manual for employees to gain knowledge and this manual shall be updated regularly.
- The Company promotes employees to join the showcase in both domestic and overseas in order to be updated with production process, product development, marketing and customers' changing behaviors which shall be adjusted to the Company's working process to be up-to-date and adjusted to all continuously changing situations in furniture industry.
- The Company encourages the development for value added in all products for sustainable growth and customer's satisfaction.
- The Company promotes all employees to have positive attitude in all working process for continuous development and progression such as production process to be continuously better, marketing and accounting for maximum benefit, department which controls the Company's expenditure manages to continuously reduce the ratio of cost and expenditures but with utmost effectiveness.

Corporate Governance

1. Corporate Governance Policy

The meeting of the Board of Directors no. 1/2012 (first time after its juristic entity change) held on 26th October 2012 has the resolution to approve the corporate governance policy first time in writing, including modification of such policy in the meetings after that. The policy is based on the principles of good corporate governance of SET in order to have a transparent operation in every level; from operational level, executives, and the Board of Directors. This is to rise the competency and competitiveness for sustainable growth in the future, leading to long-term benefit for shareholders, customers, and public. After the approval of corporate governance policy first time in the meeting, including modifications on importance details and good governance practice made after that in order to face challenges in the future, the details divided into 5 sections of corporate governance policy are as follows:

Section 1: Rights of Shareholders

The company prioritizes the right of shareholders and the equitable treatment of all shareholders. Such rights cover fundamental ones such as the selling and purchase of shares, the profit sharing, the information accessibility, right to vote in the shareholders' meeting to appoint or remove the director, nominate auditors, and other matter that may impact the company such as dividend payment, determination or change of regulation and articles of association, the decrease or increase of company capital, etc. Apart from such rights, the company determines additional measure to facilitate the use of right of shareholders as follows:

- 1) The company shall disclose the agenda of the meeting on our website before sending a document. The company shall notify a shareholders' meeting invitation letter at least 14 days prior to the meeting date. The letter containing day, time, venue, agenda, including document related to the meeting and other regulations used in the meeting and right to vote of shareholders and other rights.
- 2) In the case where the shareholder cannot attend the meeting, the shareholder may make a letter of consent to independent director and any individual to attend the meeting on behalf of the shareholders by using the consent letter form provided attached with invitation letter of the company.
- 3) The company shall not waive, nor reduce the right of the shareholder to study on the business of the company that has been disclosed in regulations of registered company, including information related to agenda in shareholders' meeting. The company shall not add the agenda and change important information without prior notice, nor distribute important information shortly before the meeting, etc.
- 4) The company shall provide an opportunity to shareholders to propose agenda, questions and suggestions prior to the meeting. The company shall allocate the meeting time appropriately to discuss, question and make a suggestion to the agenda independently. The company shall provide information and details sufficiently to all shareholders.
- 5) The company shall provide opportunity to minor shareholders to submit the agenda prior to the meeting date according to the practice of SET. Besides, the minor shareholders have the right to propose the eligible candidates to hold a position of director according to the procedures of the company.

- 6) All directors must attend the meeting except in case of necessity, so that shareholders can question about subject discussed.
- 7) After the meeting, the company shall make the correct and complete minutes of meeting for the shareholders to review. The details of voting procedures, name list of directors, sub-committees, and executives attending the meeting, and voting results in each agendum, including questions and answers shall be disclosed in public on company website.

Section 2: Equitable Treatment of Shareholders

The equitable treatment of shareholders of the company shall be performed to executive, nonexecutive shareholders, major and minor shareholders equally and fairly so that the shareholders will be confident that the Board of Directors and Management of the company well control the use of shareholders' fund appropriately. The company has organized the measures for equitable treatment of shareholders and protects fundamental rights equally. In the shareholders' meeting, the company will provide an opportunity to shareholders to propose the candidate name to be the director within the appropriate time prior to the meeting, including shareholders who are not able to attend give the right to their representative to vote on behalf. Besides, the company shall show the invitation letter on the website of the company at least 30 days prior to the meeting date. The meeting program shall be according to company regulations and agenda. The company shall provide sufficient and clear documents related to such agenda. The company shall not add an agenda except in case of necessity, particularly the subjects that the shareholders need time to study on it. The company shall not show bias against a certain group of shareholders by giving specific information which is not officially published. In the case where the directors and executives are stakeholders, they shall have no right to attend the meeting to discuss such subject and take part in making resolution of such subject.

The company also has preventive structure in the case where the directors, executives, officers, and employees to utilize information for their own or other benefits illegally. The measures are made in writing and informed to every related person. To accomplish our follow up and monitoring method to ensure that no one can use internal information for their own benefit, the Board of Directors shall monitor the communication and consider the punishment in case of regulation breach. The Board of Directors appointed Managing Director to consider punishment as per the agreed punishment procedures. Besides, the company informed the directors and executives to know the responsibility for reporting the change of share possession both held by themselves or their wife or minor children to the company and Security and Exchange Commission (SEC) and The Stock Exchange of Thailand (SET) according to section 59 and punishment according to Security and Exchange Act, B.E. 2535. The company also ruled that the company directors, executives to report their own interest and matters that may lead to a conflict of interest and comply with regulations of Securities and Exchange Commission (SEC) accordingly.

Section 3: Roles of Stakeholders

The company focused on controls all stakeholders such as customers, officers, business partners, shareholders, investors, creditors, and the community where the company is located, etc. The stakeholders shall be protected by the company according to related law. Besides, the company realizes the importance of benefit of community, society and environment for a sustainable growth, also will fight against the corruption or whatsoever illegal act and the intellectual copyright violation, and respect to human right.

The company shall not violate any intellectual property right of stakeholders according to the law and agreement. The company created a measure that promotes the participation of stakeholders to support the company operation result in order to have a smooth operation and sustainable business, and fair profit sharing to all stakeholders. We also have communication channels for stakeholders to communicate, suggest or inform of matters that may impact the company, correctness of financial reports, and claim of unfair matter. They may send information about that to the Board of Directors through independent director or audit committee members.

The company has measures to promote the cooperation between company and stakeholders to create wealth, financial stability and sustainable operation as follows:

- We realize the importance of employees in every level by treating each of them equally and fairly and compensate a payment appropriate to the knowledge and ability of each employee, along with the focus on developing competency and knowledge incessantly, also the environment in a workplace. We focus on developing safety and life quality of employees.
- The purchase of service or products shall be in compliance with trade condition strictly so as to establish a long-term positive relationship of both trade sides.
- We shall strictly comply with loan condition as per the agreement made with financial institute.
- We care the customers and are responsible for the product quality, good service, product standard, customer's information confidentiality policy, fair and equal pricing as per the pricing policy.
- We will perform the operation within the conditions and the good practice of business competition, avoid all illegal action being intended to destroy the competitors.
- We give importance and are responsible for community and surrounding societies, have promoted activities for public interest, supported activity for a better environment and life quality and always donated money for community charities.

Section 4: Information Disclosure and Transparency

The company focuses on information disclosure; the Board of Directors shall monitor every disclosure of confidential information on company, finance, or other issues to be disclosed completely, correctly, consistently and transparently as per the law. The information to be disclosed is composed of financial reports that have no impact on the stock price as stipulated in regulations of SEC and SET.

The company shall monitor the financial reporting process to ensure the correctness of such reports according to general accepted accounting standard. The reports shall be reviewed by independent auditors and have approval from SEC and SET. We also set an internal control unit to monitor the operation in the company under the concept “check and balance” and the company structure.

The Board of Directors also establishes a public relation unit to communicate with investors and third party, provide useful information to shareholders and investors fairly and equally. The examples of communication issues are as follows:

- Disclosure of important information to investors
- Explanation in case of rumor or news related to company
- Action taken when purchase and selling of share becomes in an abnormal situation

- Meeting with security analysts
- Activities such as company visit of investors and analysts
- The communication with investor relation department can be made via a call service Tel. 02-152-7301-4 ext. 212 (investor relations) or Email: and our website www.ecf-furniture.com or www.elegathai.com

Additionally, the company provides following information to show our transparency in operation

- Disclose the performance report of the Board of Directors and audit committee such as the number of meeting held in a year and attendance of each directors in the past year.
- Disclose the policy of compensation to the directors and executive, including the structure of the compensation.
- Corporate governance policy
- Society and the environment policy
- Business Ethics (Code of conduct)
- Shareholders structure
- Structure of Board of Directors
- Vision / Mission
- Annual reports
- Financial reports
- News published disclosed to SET

The information above shall be disclosed to public through communication channels as stipulated by SEC and SET and our website. In addition, the company organized an evaluation of efficiency of information disclosure from time to time so as to improve the disclosure process and ensure a communication efficiency that covers all related persons and on a timely basis.

The Company also regularly communicates with analysts, in 2017, The Company organized four disclosure meetings with analysts in the form of a large group meeting and small group meeting. Additionally, in previous year, The Company provided information to institutional investors, totally not less than 6 institutes in order to present information of the Company and create an opportunity to acquire the capital source used for business operation through the issuance and offering of Private Placement in the form of General Mandate which has been approved by the extraordinary shareholder meeting No. 2/2560 on 2 October 2017 for consideration and approval of ordinary share allocation amounting 233,925,535 shares at par value of 0.25 Baht per share, or 30 percents of the Company's paid-up capital for Rights Offering, and 77,975,178 shares or 10 percents of the Company's paid-up capital for Private Placement in the form of General Mandate. The Company will issue and offer newly issued ordinary shares in full amount or partial amount by offering in one time or in occasional manner. However, in any case, the number of newly issued ordinary shares to be offered to the existing shareholders (Rights Offering) and Private Placement in the form of General Mandate requires an aggregate amount of not more than 233,925,535 shares or not more than 30% of the paid-up capital of the Company as of the date the Board of Directors resolves to approve the capital increase in the form of the General Mandate.

As of December 31, 2017, the Company has not yet issued and offered newly issued shares to the existing shareholders (Rights Offering) anyhow. In respect of the issuance and offering to Private Placement, The Company has a number of shares reserved for the allotment of 47,975,178 shares.

Section 5: Responsibilities of the Board of Directors

The Board of Directors is composed of knowledgeable and capable person having difference experience in business operations for the development and the stipulation of policy, vision, mission and activities for development of the company annually.

The Board of Directors of the company has the freedom to make decisions for the utmost benefits of the business and shareholders, and plays important role in defining company policy, supervising, tracking and monitoring the performance of the Management and evaluating operations of the business based on expected plans. The Board of Directors is composed of 9 directors; 4 managerial directors and 5 non-managerial directors of which 4 of 5 are independent directors. The Company selects independent director based on criteria which are stricter than one stipulated by SEC and SET. Four independent directors take part of more than one-third of all directors in order to appropriately balance the authority property. Each director is required to hold the position of directors in not more than 5 listed companies. Also, the Audit Committee comprises 3 independent directors with the tenure of position of 3 years. The scope and authority of the Board of Directors are clearly mentioned in the charter of the Audit Committee.

Besides, regarding resolution of the company, there is no resolution voted by less than two-third of all directors. In the year 2015, the meeting determines that at least two-third of directors shall constitute a quorum.

The company appointed a Company secretary to perform duties as stipulated by the law or assigned by the Board of Directors. The qualification of the secretary is composed of proper knowledge in scope and duties of Company secretary. The selected person will participate in trainings for improvement of company secretary skill and secretarial duties.

The Board of Directors defines the corporate governance policy, business ethics and code of conduct for directors, executives and employees of the company to respect and perform in the same direction.

The company has a clear and transparent compensation process, the compensation committee will propose the compensation method for an approval from shareholders. The consideration of appropriate rate of compensation depends on the responsibility scope of each directors. The rate must be good enough to attract knowledgeable people to work for the company. The rate must be similar to one in the same or similar industry. Besides, the company has the policy to promote and support the directors to have trainings to improve the knowledge useful for their duties.

The Board of Directors will set a meeting schedule every year. The Board of Director shall receive the documents related to the meeting at least 7 days prior to the meeting date. In the meeting each director has a freedom to express their opinion. The director shall have no right to discuss the issues of which he/she is stakeholder. The directors shall be responsible for attending every meeting except in case of necessity. In the meeting the director shall consider whether to invite Chief Executive Officer to the meeting to provide more information regarding issue discussed in order to carefully consider every issue with complete information.

The Board of Director provides an opportunity to non-management directors to set up an exclusive meeting of non-management directors, without managerial directors. The result of meeting shall be reported to Managing Director.

Besides, the Board of Directors has policy of promoting an additional information accessibility of all directors as necessary through Managing Director, Company Secretary, or assigned Directors. In case of necessity, the Board of Directors may organize a meeting with specialists or professionals approved by SEC, or other independent experts to have more opinion on issue discussed. The meeting shall be at cost of company.

The Board of Directors is circumspect about setting a reasonable preventive measure to avoid conflict of interest which is in accordance with regulations of SEC and SET. Besides, the company informed the directors and executives to know the responsibility for reporting the change of share possession both held by themselves or their wives or minor children to the company and Securities and Exchange Commission (SEC) and The Stock Exchange of Thailand (SET). The copy of such reports shall be sent to company secretary to declare in the meeting of Board of Directors to inform all directors of purchase and selling of securities. Besides, for company directors and executives, the report of their stakeholder or related persons shall be sent to the company as stipulated by the related monitoring authorities.

The Board of Directors shall supervise and define an appropriate compensation for each director according to duties and responsibility, and the rate of other company performing similar business group. In the meeting of Board of Directors no. 2/2558 held on 27th February 2015, the meeting had a resolution to appoint the committee to consider the compensation. The criteria of compensation consideration shall be based on performance of the company in the previous year, the performance, responsibility and benefit that the company acquired from his/her duty. The compensation base will be compared with one in the company having similar revenue and net profit. The compensation shall be varied by the business section as announced by mai Stock Exchange Market which gathers the compensation information of directors and executives of companies registered in 2016, published by SET. In addition, independent directors in the Board also prepared the annual performance appraisal form for Managing Director and submitted such assessment data which was collected, analyzed, and presented to the Remuneration Committee for appropriate remuneration adjustment to the Managing Director on an annual basis if the performance of the Managing Director can be achieved and in line with the planned policy of the Board of Directors.

Additionally, the Board of Director approved the Nomination Committee at the same time as compensation committee. Both Remuneration and Nomination Committees shall strictly perform their duties and in accordance with the Charter of each committee.

Each company director shall understand their duties and responsibility as a company director and express their opinion freely and train themselves to know updated information, perform their duties with honesty and prudence including fairness to gain maximum interest for company. Furthermore, the company directors shall dedicate themselves to properly serve the company with their best of knowledge and ability. They shall attend every meeting of Board of Director except in case of necessity. For new Directors, the company shall organize an orientation about business activities to ensure their knowledge and understanding in the business operation and readiness to be a Company Director.

In addition, the Board of Directors focuses on sufficient disclosure of information to shareholders, investors and all relevant individuals. The correctness, completeness and transparency of the information shall be ensured and the reports shall be notified to all relevant persons and on a timely basis. The reports about finance, operation result and other issues related, including information that may impact the stock price shall be prepared as stipulated in Good corporate governance principles. The information disclosed to shareholders, investors and relevant persons for a proper investment decision. The communication shall be made through mail, published materials of SET, SEC and company website.

2. Sub-committees

As of December 31, 2017, the Company has had five subcommittees to help in corporate governance of the Company as follows:

1. Audit Committee
2. Executive Committee
3. Risk Management Committee
4. Nomination Committee
5. Remuneration Committee

3. Nomination and appointment of Directors and Managing Director

Independent Directors/ Audit Committee

Independent directors/ Audit committee shall be appointed by the Board of director with the approval of company shareholders. Their qualification must be in accordance with the laws related to securities and stock exchange, including announcement, regulations and/or rules of securities market. At least 3 directors are required, one of them must be knowledgeable in accounting and finance.

Qualification of Independent Committee of the Company

- Holding shares not over 0.5% of all shares with right to vote of the company, subsidiary, holding company, joint venture, major shareholder or the authority of the company. Nevertheless, it includes shareholding of the relevant of that independent committee too.
- Not or used to be the committee participating with administrating employee, staff, counselor with salary or the authority of the company, holding company, subsidiary, joint venture, major shareholder or the authority of the company unless being retired from such position not less than 2 years before permission to the office. Nevertheless, such prohibited characteristics do not include the independent committee used to be a bureaucrat or counselor of the government that is a major shareholder or authority of the company.
- Not being a person with consanguinity or legal relationship as a father, mother, spouse, sibling and child including the spouse of child of the executive or major shareholder, the authority or a person to be proposed as an executive or the authority of the company or subsidiary.
- Not having or used to have business relationship with the company, parent company, subsidiary, associated company, major shareholder or the authority of the company that is to interrupt free discretion of yourself and not being or used to be an implicit shareholder or the authority with business connection with the company, holding company, subsidiary, joint venture, shareholder or the authority of the company unless being retired from that position at least 2 years before permission to the office.

The business relationship under paragraph one including the regular commercial transactions which was regularly conducted for business operation, rent or lease of real estate, transaction relating to asset or service or providing or receiving financial assistance by accepting or lending, guarantee, providing assets as secured debt as well as other similar situations which make the Company or the contract party owes the debt to the other party from 3% of net tangible assets of the Company or 20 Million Baht up, whichever is lower. The calculation of such indebtedness shall be in accordance with the method of calculating the value of connected transactions based on the Notification of the Capital Market Supervisory Board regarding the criteria for entering into connected transactions, mutatis mutandis. However, the consideration of such indebtedness will include the debt incurred during the 1 year before the date of business relationship with the same person.

- Not being or used to be the auditor of the company, holding company, subsidiary, joint venture, major shareholder or the authority of the company and not being an implicit shareholder or the authority or partner of auditing office of the company, holding company, subsidiary, joint venture, major shareholder or the authority of the company unless being retired from that position at least 2 years before the date of permission to the office.
- Not being or used to be the professional provider including legal counselor or financial advisor that receives wages more than 2 million Baht per annum from the company, holding company, subsidiary, joint venture, major shareholder or the authority of the company and not being an implicit shareholder or authority or partner of that professional provider unless being retired from that position at least 2 years before the date of permission to the office.
- Not being a committee appointed to be the representative of company's committee, major shareholder or those who are relevant to major shareholders.
- Not running the business with same trait that is the competition with the business of the company or subsidiary and not being implicit partner in partnership or a committee participating in administering employee and staff, salary advisor or holding share beyond 1% of all shares with rights to vote of other companies that have same characteristic and implicit competition with the company or subsidiary.
- Not having any other traits that interrupt free opinion about operation of the company.

After having been appointed as Independent Director with qualifications complying with the criteria under 1 to 9 mentioned above, the Independent Director may be assigned by the Board of Directors to take part in the business decision of the Company, its subsidiary, affiliate, same-level subsidiary or juristic person who may have conflicts of interest on the condition that such decision must be a collective one.

Qualification of Audit Committee

- Are not director who authorized from board of directors to decide in operation of the company, major company, subsidiaries, main shareholder or authorized person.
- Not be or never been director of registered major company, minor company or similar minor company.
- Have adequate knowledge and experience to perform as auditing committee. In order that there must be at least one person who is knowledgeable and experienced enough to inspect the reliability of financial statements.
- Have operating duty in the same manner as declared in the Stock Exchange of Thailand regarding the quality and operation scope of the Audit Committee.

Nomination of Directors and Top Management

1. In considering and selecting directors, the Nomination Committee will proceed based on the criteria that the number of director not less than one-half is required to reside in the Kingdom of Thailand and has considered the qualifications of the Company's director as follows:
 - 1.1 In accordance with the qualification as stipulated in Section 68 of Public Company Limited Act, B.E. 2535 (1992) and relevant notifications issued by SEC and SET.
 - 1.2 Having specific knowledge of and experience in the field that is useful for company business.
 - 1.3 In case of a former director to be reelected to hold the position of director, his/her performance during his/her office shall be evaluated and the number of listed companies in which he/she holds a position of director shall be considered, there should not be more than 5 listed companies so as to prevent problem of work efficiency.
 - 1.4 For independent directors, the independence of candidate as determined in criteria of SEC and the Company's regulations.
 - 1.5 The tenure of independent directors: in the case where former independent directors to be selected to return to his/her office. The total length of his/her office from the first tenure shall not be longer than 9 years. However, if it is necessary and reasonable to appoint such person to continue his/her office, this criterion can be exempted.

A list of selected persons shall be submitted in the meeting of the Board of Directors for consideration and proposal in the shareholders' meeting for approval and appointment.

2. At an annual general meeting one-third of the directors shall retire by rotation. If the number of directors is indivisible by three, the one nearest to one-third shall apply. Directors due to retire by rotation in the first and second anniversary of Company registration shall be determined by drawing lots. For subsequent years, those directors being in office the longest shall vacate his office. However, the directors who retire by rotation may be re-elected to resume their directorship.
3. In the shareholders' meeting, the vote for appointing a director shall follow the criteria below.
 - 3.1 Shareholders have voting power equivalent to their share.
 - 3.2 Shareholders shall use their voting power as mentioned in 3.1 to elect only one or several candidates, but have no right to unequally allocate their voting power to selected candidates.
 - 3.3 The candidates having highest votes shall be appointed respectively according to number of directors required. In the case where the candidates have equal votes and the equal ranks exceed the number of directors required, the president of the meeting shall cast a final vote.
4. If the position of director becomes vacant due to the reason other than the termination of regular terms, the Board of Director with the resolution agreed by at least three-fourth shareholders' votes shall nominate an individual whose qualification is in accordance to the law to be as a director in the next meeting. If the remaining term is less than two months, the directors who takes the vacant position shall be in the position only within the remaining term.
5. The shareholders' meeting may have a resolution to terminate any director prior to the end of directors' tenure. The resolution must be agreed by at least three-fourth voters and the number of share must be higher than half of all shares of the company.

However, from 2015, the role of nomination of director and chief executive is the duty of the Nomination Committee which has already been appointed from the resolution of the Board of Directors' Meeting No. 2/2015 on last 27 February 2015. The duty of the Nomination Committee is to execute the following areas.

1. Consider the structure and element of the Board
2. Consider the qualification of the independent director
3. Determine criteria for nomination of director
4. Prepare director development plan
5. Prepare Position Succession Plan

Development of Directors and Executives

Every Director of the company meets the regulations of Stock exchange of Thailand. All 9 directors are knowledgeable, competent and pass the Director Accreditation Program (DAP) provided by Thai Institute of Directors Association: IOD). The training program is important for the roles and responsibilities of directors. We have set the policy for the Company Secretary to send the development training information to the members of the Board of Directors to enhance the work efficiency of directors. The director shall consider and choose to attend the trainings in which they are interested.

In 2017, the Company's directors and executives that attended the training of courses to enhance and utilize knowledge for the Company's business operation included as follows.

1. Assoc. Prof. Songkhlod Jarusombuti (Chairman of the Nomination Committee, Audit Committee Member and Independent Director) joined the study tour under the project. "Promoting the efficiency maximization for the use of energy and raw materials in the Thai wood processing industry for moving to the wood processing industry 4.0" in The Czech Republic.
2. Dr. Ekarin Vasanasong (Director and Independent Director) joined the training course "Director Accreditation Program (DAP)", Batch 140/2017 organized by Thai Institute of Directors (IOD).
3. Mr. Chalee Suksawad (Vice Chairman of the Board) joined the study tour under the project. "Promoting the efficiency maximization for the use of energy and raw materials in the Thai wood processing industry for moving to the wood processing industry 4.0" in The Czech Republic.
4. Mr. Arak Suksawad (Managing Director) joined the training course "The Master of Investment Course" (Ultra Wealth Group, Batch 3), organized by Ultra Wealth Group.
5. Miss Pachanan Singphu (Director of Finance and Accounting Department) joined the training course "How to define the qualification of Chief Finance Office (CFO) and Accounting Supervisor (Chief Accountant) stipulated by The Stock Exchange of Thailand.

Succession Plan

The nomination committee has considered and placed the policy about succession plan In order to be well prepared for the vacancy in any position, succession plan is arranged for the continuity of business efficiently. Details of the plan are as follows:

1. Arrange the junior executive to co-work with the senior executive in his field and attend policy meeting from top executives.
2. Identify those with the potential to assume greater responsibility in the organization.
3. Provide critical development experiences to those that can move into key roles.

4. Provide opportunities to junior executives to be trained of the concept relating to the leadership, awareness of responsibilities and loyalty to the organization including the guideline of human resource management in the function he/she is in charge.
5. Develop the potential to present his performance to the executives.

4. Monitoring the Business Operations of Subsidiaries

The Board of Directors has supervision measures for subsidiaries and joint ventures, totally 6 companies as follows:

Company	Company shares (%)
Subsidiaries	
1. W Décor Co., Ltd.	99.95
2. ECF Holdings Co., Ltd.,	75.00
3. ECF Power Co., Ltd.	99.99
4. Planet Board Company Limited	99.99
Joint Ventures	
5. SAFE Energy Holdings Co., Ltd.	33.37
6. Green Earth Power (Thailand) Co., Ltd.	20

However, to control the company capital, we send our representatives in the Board of Directors and executives in our subsidiaries and directors in joint ventures. The scope of authority of those representatives are the same as one of Directors or Managing Director in the subsidiaries. They shall take part in determining policy important to operate the business such as administration, investment issues, etc.

5. Control of Internal Information

According to the Board of Directors Meeting No. 1 /2012 (the first time after conversion) held on October 26, 2012, the resolution included the regulations on the use of internal information in order to adhere to the principles of Good Corporate Governance of the company as follows:

1. Directors, executive, officers and employees of the company shall abide the following.
 - 1) Maintain the confidentiality and/or internal data within the company.
 - 2) No disclosure of secret information and/or internal data of the company shall be carried out to seek own benefits or the benefit of any other persons either directly or indirectly, and either receive or not receive the return.
 - 3) Neither selling, nor transfer of securities of the company by sing confidential and/or internal data shall be conducted, and/or entering into any other transactions by using confidential and /or internal data that may cause damage to the company either directly or indirectly.

Directors, executives, staff and employees of the Company who are working in the function which will be acknowledge of internal nformation must avoid or suspend trading of the Company’s securities within one month prior to the disclosure of its financial statements to the public. These requirements include the spouse and minor children of directors, executives and employees of the Company. If anyone violates such regulation, he/she will be considered to perform the serious offense.

2. Company's directors and executives, including the auditors of the company shall report the change in holdings the securities in their own companies, including the spouse and immature children, to the Securities and Exchange Commission and the SET pursuant to Section 59.

Such regulations shall be declared to the directors, executives, and employees accordingly.

6. Auditor Fee

The Company and its subsidiaries auditor fee shown details as follows:

1. Annual Audit Fee

In 2017, the Company hired Mr. Akkadej Pliansakul, certified public accountant registration No. 5389 from M.R. & ASSOCIATES Co., Ltd. to be the auditor of the Company and its subsidiaries for 2017. The auditor fee is 1,420,000 Baht (One Million Four Hundred Twenty Thousand Baht only).

2. Quarterly Financial Statement Review Fee (3 quarters)

Amount 780,000 Baht (Seven Hundred Eighty Thousand Baht Only).

The Total amount of auditor fee was 2,200,000 Baht (Two Million Two Hundred Thousand Baht Only).

In 2017, the Auditor of the Company, Mr. Akkadej Pliansakul, certified public accountant registration No. 5389 from M.R. & ASSOCIATES Co., Ltd., has been approved by Securities and Exchange Commission (SEC) and has no relationship or gains and loss between the auditor and the Company / its Subsidiaries / the major shareholders / the executives as well as people concerned with such individuals.

Corporate Social Responsibility and Business Sustainability Development

The Company aims for business operation under good corporate governance for strength and competitive potential reinforcement together with environmental care, social responsibility awareness, and for business sustainability development. It also concerns on both internal and external related stakeholders with vision of “Aiming at being the furniture business leader in Southeast Asia Region with excellence in management according to international standard toward maximum satisfaction” so as to be the significant foundation leading to the Company’s sustainable growth under operation framework aiming at product quality development, responsibility, new innovation and corporate governance.



The Company has set the main strategy of business operation via risk management process and all-around assessment of stakeholder impact, emphasis on quality and balance creation whether in economic, social and environmental areas.

Sustainable Development Strategy

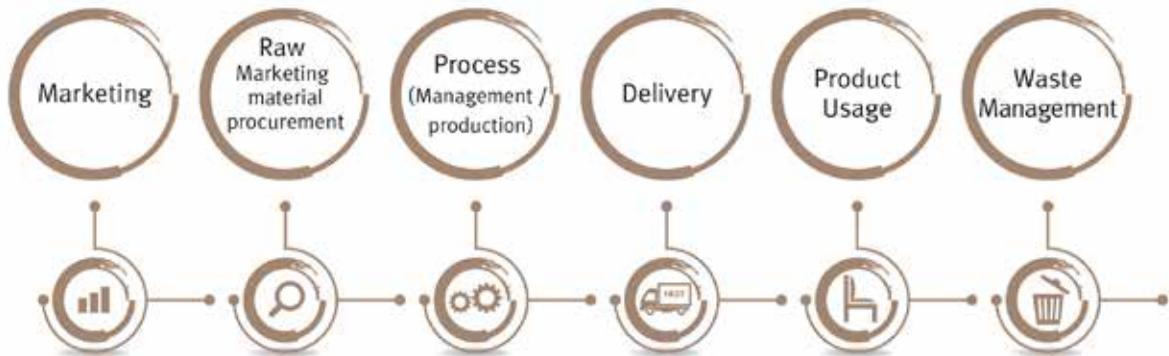
1. Develop people to build intellect together with good man and responsibility

The Company clearly determines basic characteristics necessary to be available by in-house people and also determines the competency according to position as the guideline for work skill development of the employee as well as strict enforcement of the relevant rules, regulations and laws, and creation of innovation via technology and creation for learning organization to produce intellect and good man for the Company and society.

2. Enhance competitive potential with quality and responsible products and services

The Company determines target for business growth, generate sustainable value to its stakeholder, and create for competitive advantage and abate social and environmental impact in all processes.

Process to enhance competitiveness



3. Creation of Work Life Balance for Employees

The Company is aware of the employee significance. If the employee is simultaneously happy in working and happy in personal life, it will cause happy life that will mutually help carrying forward success, stability and progress of the employee, organization and society.

4. Building Trust from Stakeholders

The Company fairly treats stakeholder, adhere to principle of code of conduct, gives precedence to contingent impact from process, hear the opinion from both internal and external stakeholders via meeting forums and channels to improve and apply for mutual benefit, and transparently and verifiably disclose the information of practice, business operation and management in various areas via annual report, website and the forum of the General Meeting of Shareholders for once a year.



The Company has determined the framework of business operation ethics and code of conduct for director, executive and employee, and formulated the policy of operating guideline for social responsibility awareness and sustainable development as follows:

1. Business Code of Conduct: Responsibility to Stakeholders

Shareholders

Our policies and practices are as follows:

- 1) The Company focuses on the fundamental rights of shareholders such as the right to purchase, sell or transfer shares, receive the profit shared, access to the company information sufficiently and on time, including the right to attend the shareholders' meeting to vote to appoint or terminate the directors, appoint accounting auditors and decide a matter that may impact to the company such as the increase or decrease of company capital, the dividend allocation, the modification of regulation, objective or articles of association, etc.
- 2) The Company supports and facilitates the use of shareholders' right as follows:
 - Notify a meeting invitation letter at least 14 days prior to the meeting date. The letter shall indicate day, time, venue, and agenda, including related regulation of the meeting, the voting procedure and the information necessary to the decision making. The invitation letter shall be presented on website of the company at least 21 days prior to the meeting so that the shareholders shall have sufficient time to study on the meeting agenda.
 - Report important information that may affect the interest of shareholders such as financial reports, news, information on related laws and announcement and shall not commit any act that is likely to be a limitation of shareholders' right to access the company information.
 - Provide an opportunity to minor shareholders to propose meeting agenda, or a candidate to hold a position of director in the annual general meeting.
 - Provide an opportunity to all shareholders to submit their questions related to meeting agenda prior to the meeting date.
 - Provide an opportunity to shareholders incapable of attending the meeting to authorize his/her representative to attend and vote in the meeting.
- 3) The Company sets a procedure in the annual general shareholders meeting as per the good corporate governance principles and provides opportunity to question the important issues in the meeting agenda.
- 4) After the meeting, the company shall disclose the voting result of each agenda on the next working day. The complete and correct meeting minutes shall be published on the company website within 14 days after the meeting so that the shareholders can review such information.
- 5) The Company shall use technologies in the shareholders' meeting from the attendee registration, the voting process of each agenda and the announcement of results. This is to enhance the promptness, correctness and accuracy.
- 6) The Company organized a company visit, a meeting of analysts and an opportunity day with investors in order to increase communication channels to shareholders, analysts and investors to track and acknowledge the company information. In 2017, the Company organized not less than 3 meetings of analysts in the form of big group and small group; and organized the Oppurtunity Day activity to present the Company's operational performance of the 3rd Quarter in 2017.
- 7) The Company shall share dividend to shareholders appropriately and regularly. The payment of dividend is according to compensation policy previously determined.

Customers

Our policies and practices are as follows:

- 1) The Company manufactures products which is safe for use and health of consumers and offer qualify aftersales service for a highest satisfaction of customers.
- 2) The Company is committed to enhance the utility of the products to the customers.
- 3) The Company shall operate the business with honesty and fairness and avoid commit any act likely to be a right violation of customer and keep the confidential information of the customer and shall not use the internal information for the benefit of individual employee. The employee of the company who commits such act shall be subject to the penalty according to the law.
- 4) The employee of the company shall not ask for, nor accept the benefit illegally offered by customers either in direct or indirect manners.
- 5) The Company shall operate the business according to trade agreement. In case of failure to comply with the agreement, the company shall inform of reason of failure to the customers in advance and find a solution to solve the problem or avoid the damage in the future.
- 6) The Company provides the communication channels so that the customers may send their complaint to the Company. Every complaint of the customers shall be tracked and the problem shall be solved with fairness. Communication channels include Tel: 0-2152-7301-4 Fax: 0-2152-7305 or www.elegathai.com, www.ecf-furniture.com or Facebook FanPage: ELEGAFurniture. In previous year, the Company succeeded in solving 90% of complaints and is now under process to find ways to acquire higher satisfaction from the customers.
- 7) The Company has built a good relationship and understanding, shared knowledge and mutually developed and added value to the products incessantly. To achieve this mission, our marketing team met and had a meeting with domestic and international customers as planned in the beginning of the year in order to hear problems and obstacles in the work process in the recent years for improvement. Every year, the company shall organize a company visit day for retailers and dealers to see new products every year. The team also sends promotion media and regularly has a meeting with customers to discuss problems in trading process every year.

2017 Thank you Party for Costa Customers



Partners and Suppliers

Our policies and practices are as follows:

- 1) The company shall treat partners equally and fairly. The mutual benefit is prioritized.
- 2) The company shall select partners conducting business legally in accordance with production, safety and environment prevention standard.
- 3) The company shall keep confidential information of the customer and shall not illegally use for benefit of any individual or third party.
- 4) The company shall build a good relationship and understanding, share knowledge and mutually develop and add value to the products incessantly. To achieve this mission, our marketing team shall meet and have a meeting with domestic and international customers as planned in the beginning of the year in order to hear problems and obstacles in the work process in the recent years for improvement.
- 5) The purchase of service or products shall be in compliance with trade condition strictly so as to establish a long-term positive relationship of both trade sides.
- 6) In case of failure to comply with the agreement, the company shall inform of reason of failure to the customers in advance and find a solution to solve the problem or avoid the damage.
- 7) The employee of the company shall neither ask for, nor accept the benefit illegally offered by customers either in direct or indirect manners and shall carry themselves well to maintain proper relationship to ensure that it will not affect the decision.

Competitors

Our policies and practices are as follows:

- 1) We will perform under the framework for a fair and transparent competition. We will avoid any act that is likely to be an illegal practice to destroy the competitors.
- 2) We will not degrade the competitors by rumors.
- 3) We will not violate intellectual property right/ copyright.
- 4) We will not search for confidential information of our competitors in illegal or inappropriate manners.

Creditors

Our policies and practices are as follows:

- 1) The company shall comply with loan conditions of financial institute strictly.
- 2) The company shall treat every group of creditors equally.
- 3) The company shall administrate the business activities to build a confidence to the creditors and ensure that we are capable of repaying the debts on time and maintain the ratio of debt to the asset as mentioned in the loan agreement made between creditors.
- 4) The company shall disclose correct operation result and financial status on a timely basis.
- 5) In the case where the company fails to repay the debt on time or fails to comply with other provision in the agreement, the company shall inform of such failure as soon as possible and propose a solution to avoid the damage.
- 6) The company shall organize a meeting with creditors and invite them to visit the company every year to hear the operation policy and the plan of next year and build the confidence of creditors in company business.

Employees

Our policies and practices are as follows:

- 1) We realize the importance of employees in every level. They will be equally and fairly treated.
- 2) We provide appropriate compensation according to knowledge and ability of each employee, along with the trainings to enhance competency and knowledge regularly so as to create more professional opportunity following to the ability of each employee. When HR or the employees consider that the employee should have a training or appropriate knowledge review activities, they may submit the request to HR and participated in such activities after HR considered that the trainings or activities requested correspond to the required skill.
- 3) The company prepares succession management with the aim to maintain efficient personnel and improve employees to be sufficiently competent to face future challenges.
- 4) The company focuses on environment of workplace, safety and life quality of employees. The frequency of injury occurred in the workplace is similar to last year although the quantity of work and daily worker increased. In 2015, the company organizes work manual and procedure review activities, including safety activities regularly. Particularly, in case of employees in manufacturing section, the company determined the safety measure; all employees must wear gloves, face mask, ear plugs and safety shoes in all working hours. The safety equipment used depends on the characteristics of the work. For example, the employees must wear earplugs when working in a noisy place.
- 5) The company respects the human rights, dignity and fundamental rights to work, and shall not disclose confidential information of employees to irrelevant persons.
- 6) The company shall treat the employees in accordance with applicable laws and regulations related to work.
- 7) The company shall support the equitable treatment to all employees without sex, race, skin color, religion, age, disability or other discriminations.
- 8) The company shall encourage the employees to take a part in the determination of work policy and company development.
- 9) The company shall provide appropriate fringe benefits to the employees such as medical expense, annual medical check-up, life insurance, provident fund, etc. For annual medical check-up, the company will provide it upon the commencement of work and during the year. For foreign employees, the company coordinate with social security office of Rayong province to provide information and knowledge about the coverage of social security office.
- 10) The company provides the opportunity for the employees to communicate and make a complaint about work. All suggestions will be considered and find the solution for the benefit of all and build a good relationship between employees in every level.
- 11) The company supports the participation of employees in all level in corporate social responsibility activities.

Community and Society, and the Environment

Our policies and practices are as follows:

- 1) The company realizes the importance to corporate social responsibility and surrounding societies, and support activities for community interests, environment and life quality. Besides, the company donated money for charities regularly as a return to society.
- 2) The company shall not conduct any activity that negatively impacts the society and not violate the rights of people living in the community and society.
- 3) The company has preventive measures to ensure that the operation of the company will not affect the community and society.
- 4) The company shall promote the cultural conservation and local traditions.
- 5) The company shall cooperate with other authorities to improve the community environment and life quality of locals.
- 6) The company shall operate the business in accordance with laws, regulations, environmental policy and realize the importance of prevention of environmental impacts of natural resources and environment.
- 7) The company shall promote environmental management system; from the use of resources sparingly, treatment, recovery and substitution measures for the surveillance and protection of natural resources and the sustainable prevention of impact on environmental.
- 8) The company shall raise awareness and promote the education and trainings to the employees in every level on the subject of environmental preservation.
- 9) The company shall promote the use of technology, machines, and raw materials which are environmentally friendly.
- 10) Regarding operation for environmental friendliness in the manufacturing process of the company, as our raw materials are rubber wood, particle board, materials remaining in production process.

Until now, the company has never received any complaints or had disputes with locals in community and surrounding area on the subject of environmental impact from the production process of the company.

2. Fair Trade

Since the company was established in 1999, our important policy that we are committed to is to perform a fair trade and realizes the important to the benefit of all stakeholders. We perform the business in accordance with applicable laws, regulations, rules and instructions determined by related authorities. Besides, we cultivate this principles to the employees in every level to perform their jobs with fairness and responsibility to colleagues, customers, consumers, competitors, partners, communities and society, and keep confidential information and properly use internal information, respect the human rights, including avoid any act likely to lead to a conflict of interest or intellectual property violation, and corruption. Our measures are as follows:

2.1 Promotion of Free Trade and Competition

The company defines systematic operating procedure in the product distribution system. The company distributes products through different channels of which 53% is the product exportation to foreign countries, the major customer is Japanese, and modern trade holds the second biggest share of production distribution. Each of customer has their systems of purchase, quality assurance, delivery according to agreed method and system. We are confident that our distribution system and shall not rely on one customer. In the procurement process and purchase of raw materials and other materials used in production process, the purchasing department shall compare the price, the quality and the trade terms as per the agreed criteria, so that the partners can present their products for the company to compare. Until now, we have gained a huge advantage from our supplier comparing system.

2.2 Prevention of Conflict of Interests

The company has a policy that prohibits directors, executives and employees to utilize their opportunity of their position to gain their own benefit. Our policy is as follows:

- 1) The company shall carefully operate our business, particularly in the issues that may lead to conflict of interests. Our work procedure shall be based on the fairness, honesty, rationality and transparent in order to gain the highest interest for the company. The directors being a stakeholder shall have no right to vote. The company shall disclose the correct and complete information as stipulated by SEC and SET.
- 2) In the case where the action is necessary to be performed, the company shall treat the third party according to a good practice as a person of ordinary prudence conducts a trade with suppliers. The business negotiation shall not be influenced by directors, executives and relevant persons. The persons who are stakeholders are not eligible to approve the matter. Besides, they must comply with information disclosure policy as stipulated by relevant authorities.
- 3) They shall not perform any action contrary to the interests of the company, nor cause the company to lose or receive the benefit lower than expected or illegally take part in the profit of the company.
- 4) They are prohibited to conduct any act likely to be a competition against the company.
- 5) The Director, Executives, Employees, including their spouses and children, are prohibited to conduct any act to gain their own benefit with the company. For example, selling materials to company. If such action is necessary, there must be a letter indicating information related to such sales.
- 6) The Directors and Executives shall report their interests of themselves and persons that may have a conflict of interests.

2.3 Human Rights Compliance

The company realizes the importance of human rights compliance. We operate our business without discrimination of race, sex, age, skin color, religion, social status, education, or other status which does not impact the performance. All employees shall be protected in terms of safety at work, clean, safe and hygienic workplace. They also have the right in politics. However, they shall not use the position they hold or the equipment of the company for political purpose. We have the policy of political neutrality, we shall neither sponsor, nor support specific political parties. Besides, the company shall

solve a conflict base on rule of law. We shall not conduct our business that involves child labor abuse. All employees shall be at least 18 years of age. The compensation shall be based on fairness. Every year, the company shall organize an annual meeting in which the employees shall hear the policy of the year, including work principles from the Executives, and activities to promote harmony in the workplace.

Until now, the company has never received any complaint regarding human rights violation.

2.4 Prevention of intellectual property violation

Every year, the company shall present the design and development of products to customers. Our research and development department shall strictly avoid intellectual property violation, shall not use any property of a third party without authorization. If you found any act that is likely to be a violation of intellectual property, please send the complaint to

A letter to

Assistant Professor Dr. Montri Soaktianurak

Chairman of the Audit Committee/Independent Director or

Mr. Arak Suksawad,

Managing Director or

Company Secretary Office

East Coast Furnitech (Public) Co., Ltd.

25/28 Moo 12, Bueng Kham Phroi Subdistrict, Lam Luk Ka District, Pathum Thani Province 12150

E-mail to Company Secretary Office :

cg@eastcoast.co.th or Human Resources Department : hrrayong@eastcoast.co.th

2.5 Acting Against Corruption

The company announces the collective action coalition of Thai private sector to prevent corruptions. The plan in the future is to submit a policy of corruption prevention and create the system against the internal corruption. After the policy is approved by the meeting of Board of Directors, the company shall communicate the anti-corruption information to all stakeholders through a mail to partners, customers of the company so that they shall not offer or accept the money or gift. The company also provides an opportunity to partners and customers who are not equally treated by the company to submit a complaint for correction, and organize a meeting to ensure that all employees acknowledge the anti-corruption policy and direction from time to time.

3. Policy on business operation for sustainable business development

With the vision of the organization, the Company has formulated the business operation strategy in 2017 with risk management from main business as the manufacturer and distributor of particle board and rubber wood furnitures toward the business that can generate stable revenue together with environmental care by entering into operation of renewable power plant business such as biomass power plant business and solar power plant business. In 2017, the Company has started to seriously invest and we are seeing a return on investment from

the biomass power plant project which has invested through SAFE Energy Holdings Co., Ltd. for the power plant project of Prize of Wood Green Energy Co., Ltd., it is a biomass power plant with the installed capacity of 7.5 megawatts, which generates revenue from commercial power distribution from the third quarter of 2017.

However, the Company expects that the share of investment in renewable energy projects that have been continuously investing for the following years will start to be realized.

4. Risk Management Policy

The Company gives precedence to risk management under concern on the factor that causes both huge domestic and foreign economic fluctuation. These factors affect consumption demand of the Company's products being classified in Group of Consumer Products. Thus, the Company shall continuously realize on management of risk that may affect its operation. The Company has determined corporate risk management structure and risk management policy as follows:

Corporate Risk Management Structure



Risk Management Policy

- 1) The Company operates business under acceptable risk to achieve the Company's objective and satisfy the stakeholder's expectation.
- 2) Risk management is determined as part of annual plan preparation.
- 3) The duty of every executive and employee is to take responsibility for identifying and assessing the risk of its own responsible work unit and define appropriate measure for contingent risk management.
- 4) Risks that affect all of the Company's objective attainment shall be executed as follows:
 - 4.1 Timely identify risks such as type, significance level, corrective guideline, person in charge, etc.
 - 4.2 Assess the opportunity of risk occurrence and impact from such incidence occurrence.
 - 4.3 Manage risk to be consistent with the criteria of risk management under concern on related expense and gained benefit.
 - 4.4 Monitor, supervise and assess to ensure that the Company's risk is properly managed.
- 5) Risks that may entirely affect business plan and strategy of the Company in various areas in high and very high level shall be reported to the Executive Board, Audit Committee and the Board of Directors for acknowledgement.

5. Safety, Occupational Health and Working Environment

The Company gives precedence to the employee safety for prevention of every level of employee from accident, as well as occupational sickness that will affect the operation. Work safety is the mutual duty and responsibility between the Management and the in-house employees. For cooperative and effective management, the Company therefore has established safety, occupational health and working environment unit under below duties:

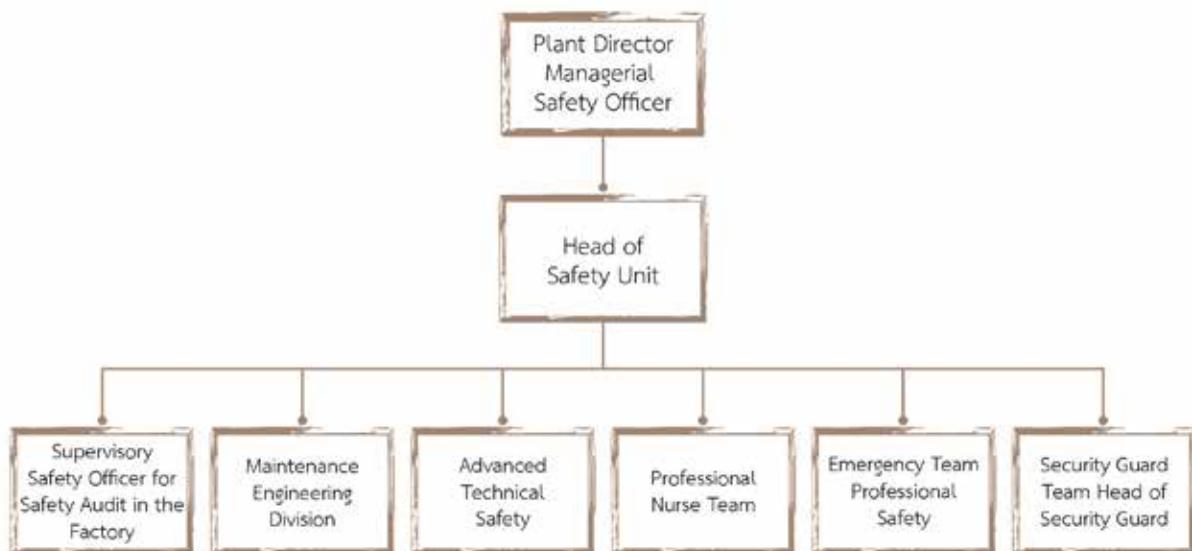
1. Plan the operation for elimination of risk of the business establishment and care of continuous operation.
2. Prepare suggestions about danger protection from accident and casualty, and control risk inside business establishment.
3. Prepare manual and standard of work safety in business establishment for utilization of the employee or the related person.
4. Define kinds of personal protective devices proper for nature of job risks and propose to the employer in order to arrange them to the employee or related person for wearing during operation.
5. Promote, support academic and operating areas of work units in business establishment so that the employee shall be safe from the circumstance which will encounter with danger or occupational sickness as well as control and prevention of fire and severe accident.
6. Arrange the training about basic knowledge and practice about work safety to the newly entrant staffs prior to operation as well as the employee who must differently work from existing job which has ever been operated and may also cause danger.
7. Coordinate and execute work safety with both internal and external work units of the business establishment as well as relevant government agencies.
8. Audit the overview of work safety system of the business establishment.
9. Gather the overall operation of the work safety officers in all levels and monitor overall operation in work safety according to the policy and work plan of the business establishment as well as report the employer and the Committee for acknowledgement every three months.
10. Operate other work safety as assigned by the employer.

Safety, Occupational Health and Working Environment Policy

- 1) The Company shall strictly observe rules, regulations, announcements, orders and standards of safety, occupational health and working environment as prescribed by the official.
- 2) The Company shall support and promote safety, occupational health and working environment, and arrange adequate and appropriate budget.
- 3) The Company shall continuously promote safety by arranging training, providing knowledge, reviewing and drilling, as well as organizing activity in various forms for safety awareness creation to the employee to be prepared all the time.
- 4) The Company shall prepare and supply effective personal protective device for use of the employee and wear for protection based on appropriateness for nature and operation of the employee.
- 5) The Company pays attention, surveys and monitors safety issue and strict the employee to observe the rule of the Company's safety as well as strictly looks after and controls the employee to wear and use protective devices as determined by the Company.

- 6) The Company shall always improve and develop internal environment of the Company and workplace and cleanliness around the Company's area for safety and good and hygiene environment, leading to quality of work life and good health of the employee all together.
- 7) The Company gives precedence to the collaboration of the employee in observance of rule related to safety, occupational health and environment, and success of accident prevention whereas the said collaboration shall be deemed as a factor of performance assessment.
- 8) The Company deems that work safety as well as proper operating method is the duty of the employee and supervisor in every level that must be practiced and responsible.
- 9) The Company deems that every employee participates in accident prevention and environmental preservation. The Company is glad to accept suggestion and opinion of the employee and take them for consideration as well as improvement and correction of faults as appropriate for safety to the employee as much as possible.
- 10) In the event that the employee gets occupational accident, the Company shall take care and consider assisting the employee who gets accident to be able to properly live.

Structure of Safety, occupational health and working environment Unit



Overall Operation of Social Responsibility and Business Sustainability Development

The Company aims for creation of social responsibility on products and services, and environment. In 2017, the sustainability development strategy has been adjusted to be consistent with stakeholder's demand according to the conceptual framework of the operation under emphasis on quality, social responsibility and good corporate governance in various areas as follows:

Quality Economy and Good Corporate Governance

The Company always gives precedence to good corporate governance whereas "policy for good corporate governance" is prepared in writing as the practice of the director, executive and employee in business operation. The Board of Directors also appoints "Nomination Committee" and "Remuneration Committee" to perform the duty in governing the organization for good corporate governance as well as consider updating annual policy for good corporate governance every year according to the internal standard.

In communication, the Company has prepared the manual of the policy for corporate governance and business operation ethics by informing the employees for acknowledgement in new employee orientation day and publicizing on the Company’s website.

Corporate Governance Policy: : <http://www.ecf-furniture.com/page-12172-Corporate-Governance-Policy.html>

Business Operation Ethics : <http://www.ecf-furniture.com/page-12174-Code-of-Ethics.html>

1. Good Corporate Governance

The Company determines to assess the performance of the Board of Directors at least once a year. In 2017, the average score of performance assessment was in good criteria. In 2017, the Company has still been able to maintain level of good corporate governance assessment score by Thai Institute of Directors (IOD) in very good score level (4 stars) for three consecutive years. In 2017, the Company had average scores as follows:

Overall Average Result Score for 2017

Overall Listed Company	SET100 Index	SET50 Index	บริษัท ECF
80%	87%	90%	85%

Note : * The overall average score for the year 2016 was 84%

In addition, the Company always arranges annual performance assessment of the organizational chief executive for at least once a year for every year. The executives shall consider reviewing achievement and obstacle aspects during previous year. The Company Secretary shall submit performance assessment form of the top executive to every independent director, except executives who have relationship with the top executive and top executive, to assess the annual performance. After completion of the assessment on each independent director, assessment form shall be returned to the Company Secretary for score gathering and assessment analysis summary in following year.

In 2017, the Company Secretary submitted assessment form to every director on 24th January 2018 that the assessment topic in various areas was concluded as follows: (1) leadership, (2) strategy formulation, (3) strategy implementation, (4) planning and financial operating result, (5) relationship with the Board, (6) external relationship, (7) personnel management and relationship, (8) position succession, (9) product and service knowledge, (10) personal characteristics including presenting strength and issues to be developed and improved for top executive’s acknowledgement.

2. Anti-Corruption

In previous year, the Company notified the employees in all divisions for acknowledgement about the primary principle of protection and anti-corporate corruption by filling the guideline and practice for primary anti-corruption in employee manual in the topic of “Discipline and Disciplinary Punishment or Complaint”, emphasizing on the matter of prohibition to receive / pay bribe from the Company’s customer / business partner, and not involve in perform any act which is regarded as corruption for giving and/or receiving the bribe of the government or any private agency to acquire personal benefit or competitive advantage. The policy for whistleblowing or complaint with all parties of stakeholders has been prepared. The following channels can be contacted or complained in the matter which is the offence.

A letter to

Assistant Professor Dr. Montri Socratyanurak
Chairman of the Audit Committee /Independent Director or

Mr. Arak Suksawad
Managing Director or

Company Secretary Office
East Coast Furnitech (Public) Co., Ltd.
25/28 Moo 12, Bueng Kham Phroi Subdistrict, Lam Luk Ka District,
Pathum Thani Province 12150

E-mail to Company Secretary Office : cg@eastcoast.co.th or Human Resources
Department : hrrayong@eastcoast.co.th

After the Company is informed about any fraudulent, the measures shall be as follows:

1) Gathering and considering of facts

The Company shall appoint an Investigation Committee to check the fraudulent by considering from related parties such as the department head of complained unit, Human Resources Manager and/or other relevant persons. The Investigation Committee shall gather all information, evidences and check the facts in details.

2) Concluding the measures

The Investigation Committee shall conclude the measures in order to mitigate the damage but shall not punish the honest whistleblower.

3) Reporting the result

The Company Secretary Office shall inform the result to the whistleblower if he reveals himself. Significant matter must be reported to Managing Director and/or department head of the complained (in case the department head is not one of the Investigation Committee), all depends on the importance and seriousness of fraudulent.

Protection for Whistleblower

Should any employee persecute, threaten, discriminate or use disciplinary action against the whistleblower and other related persons, that employee shall take disciplinary action and must compensate for damages or may be legally wrong too.

In 2017, the Company conducted a risk assessment of dishonesty and corruption, the risk of corruption assessment was found of no risk from fraud which is classified as a significant risk to the business. The Company has established guidelines of the internal control system in the information system, a document system which is checked and balanced including work processes to monitor and control for protection. In addition, the risk of fraud or fraudulent risk analysis has been monitored and evaluated, it was found that there is adequate internal control. In previous year, there was no complaint about illegal behavior including unethical fraud significantly affecting within the organization at all.

In 2017, the Company has not received any complaints about fraudulent or negative issues resulting from the business operation of Board of Directors, executive management. No director or executive management retires from lack of good corporate governance or insufficient internal control as well as no legal dispute in labor or business transaction with stakeholders.

3. Business Operation for Sustainable Business Development

In 2017, it has been the year that the Company has had the big progress on operation of alternative power plant business according to the policy for the Company's requirement in risk diversification from main business to the business that can stably generate revenues and help in environmental preservation and energy conservation according to sustainable business development guideline under details in each area as follows.

3.1 Biomass Power Plant

Presently, the revenue from the Biomass Power Plant project of Prize of Wood Green Energy Co., Ltd., which capacity is 7.5 megawatts in Waeng District, Narathiwat Province. In addition, the Company is still considering the possibility of further investment in other projects.

3.2 Solar Power Plant

The Company has invested in a solar power plant project through its joint venture which is Green Earth Power (Thailand) Co., Ltd. in the ratio of 20%, the plant is a 220-megawatt solar power plant project in Minbu City, Myanmar. At present, this project is under the construction and expected to commence the commercial operation within the third quarter of 2018 for the Phase 1 which capacity is 50 megawatts and Phase 2, 3, and 4 will begin to recognize the revenue within the next 3 years.

From the progress of all renewable energy projects as aforementioned, the Company has set a sustained growth goal by creating value for its business. The restructuring of the future revenue from the core business which is being a manufacturer and distributor of particle board furniture and rubber wood furniture. In the future, when the investment in the project as described above is progressed, the revenue recognition from the commercial electricity distribution will be successful and result in the revenue structure of the Company's business which will be increased by the renewable energy business. This will create a stable revenue channel and reduce the risk of competition in the furniture industry that may be more severe in the future.

In addition, the Company is studying the possibility of investment in the manufacture and distribution of particle boards and MDFs through the registration and establishment of a wholly-owned subsidiary of the Company, namely, Planet Board Co., Ltd. The Company holds 99.99% of shares, particle boards and MDF wood are the key raw materials for the Company's furniture business. If the feasibility study is progressing to the investment process stage, in the future, it will be beneficial to control the cost of raw materials used in the production of the Company. This will help create sustainable growth for the core business which is to be a manufacturer and distributor of furniture for the company.

4. Risk Management

For the Company's operation to be consistent with the corporate vision in will as the furniture business leader in Southeast Asia Region with international standard management excellence toward maximum satisfaction. In 2017, the Company executed according to corporate risk management guideline in various areas as follows.

4.1 New Customer Risk

The Company focuses on selecting domestic and foreign customers based on the credibility to avoid bad debts.

- Domestic customer: there shall be a financial statement, a review of document verified by the Ministry of Commerce. The credit terms and payment shall be appropriately based on customer's liability.
- Foreign customer: there shall be a financial statement, with 2 payment method: Letter of Credit (L/C) and T/T only.

4.2 Risk of currency exchange fluctuations

To handle the risk, the company makes a forward contact with the credit amount close to expected income to ensure that the amount purchased will not be excessive. The purchase will be a shortterm one to prevent the risk. The credit amount shall be compared with value of order received to ensure the stable cash flow. Furthermore, the accounting and finance shall prepare a forward rate report that compares a credit of each month showing results of buying and selling of foreign currency in order to plan the future operation. The company shall prevent the risk of currency exchange as much as possible. This is because most of the income is from exportation to foreign countries. In addition, the company has set policy to establish a team to observe the currency exchange and report the reason of the fluctuation.

4.3 Risk of Fire and Operation

In 2017, the company has reviewed and bought an insurance for plants, office buildings, machine, equipment, finished product, raw materials, showrooms and transportation. We reviewed the value of asset and the insurance coverage to see whether the coverage is equal to the asset value or not. We also set up a security team and organized fire training and fire drill from time to time. We have a status checklist to ensure that the security equipment such as water tank, fire extinguisher, water pipe, etc., is still in a good condition. We installed a signboard for safety with preventive measure and determine a safety rule that the employees must wear safety shoes, helmet, and other safety equipment during work, and make a report of accident.

4.4 Risk of investment in subsidiaries and joint ventures

The Risk Management Committee and the Board of Directors have given great importance to the risk management that may arise from the investment through subsidiaries and joint ventures, which will closely monitor the progress of operations including risk management that may occur. In 2017, the Company increased the investment in many subsidiaries and joint ventures in the management structure up to 6 companies. The Risk Management Committee and the Board of

Directors emphasize on setting a policy to monitor and protect risks in various areas that may occur with the objective to assign the Executive Committee using as a guideline to manage and reduce or immediately control various risks.

Quality Society

The Company pays attention and wishes all employees to be sustainably happy, proud of belonging to the Company as the big family as if the second home, and prepared to share happiness toward the surrounding society under the Company’s emphasis on employees and society in various areas as follows:

1. Employee Safety and Health

Employee Health

The Company gives precedence to care and maintenance of the occupational environment under main concern on work safety and quality of life of the employee. The Company’s target is to reduce number of occupational accidents to be zero accident.

Summary of Number of Occupational Accidents for 2016-2017

Severity/Damage	Number of Times		Treatment			
			First-Aid		Referral to Hospital	
	2016	2017	2016	2017	2016	2017
Insignificantly Injured (No Day Off)	5	21	1	20	4	1
Moderately Injured (Day Off)	3	3	1	-	2	3
Severely Injured (Day Off)	1	1	-	-	1	1
Total	9	25	2	20	7	5

From the above Table Summarizing a Number of Occupational Accidents in 2017, the frequency rate of the employee injury was in rising level due to the increasing order from customers and speeding up works in order to deliver to customers. In 2017, the Company strictly set the policy to reduce the number of accidents caused by working, reviewed and provided knowledge to employees via training and distributing safe working manual including work process and method, employees were also controlled to continuously perform their duties in accordance with safety manual.

Particularly in the event of the employee that performs his or her duty in production process, the Company has the practical guideline for safety by the way that every employee shall always wear glove, mask, ear plug, and canvas shoes during operation by considering from work process responsible by each staff in those important work sections such as if operating in noisy area, the employee shall wear ear plug, etc.

Safety Promotion Activity First Aid and Rescue Training



In addition, the Company maintains a safe working environment for its employees and the property of employees, customers, and visitors by consistently improving and checking both fire system and water hazard protection system. The Company also employs a team of engineers who have been trained and registered as building and equipment inspectors to take care and control the implementation to meet the requirements of law. The engineering team is mainly responsible in checking the stability of the building, electrical system, air conditioning system, hygienic and environment system, fire prevention and suppression system, building safety management system as well as checking the efficiency of equipment in the building in annual basis.

Safety Promotion Activity

Fire Training



Employee Health

The Company gives precedence to health care of the employee since good health is the significant factor that the employee can effectively perform his or her responsible duty. The Company has arranged for medical examination such as annual medical examination service and vaccination service, etc.

Health Promotion Activity

Health Consulting and Vaccination Service for Employees



2. Employment, Development and Care of Employees

The Company aims at and given precedence to care of the employee to live comfortably and to be good man, and simultaneously develop skill, knowledge and competency for creation of “intellect” and “good man”

Employment

The Company gives precedence to the employees and human resource management and improves human resource management procedure to be consistent with employee and social responsibility concept from recruitment, selection and development process until termination of the employee condition as follows:



Basic Right Gained by Employees

Employee Welfare	Employee-Classified Welfare		
	Full time employees	Contract Employees	Probation Employees
Overtime Pay	✓	✓	✓
Holidays	✓	✓	✓
Leave (Sick Leave, Personal Affairs Leave)	✓	✓	✓
Medical Fee (Health Insurance)	✓	✓	
Annual Medical Examination	✓	✓	
Assistance to the Casualty or Sick Employee due to working for the Company	✓	✓	✓
Provident Fund	✓	✓	
Employee Uniform (particularly for three shirts per year)	✓	✓	
Child Scholarship	✓		
Funeral Allowance	✓	✓	✓
Expense of Patient Gift	✓	✓	✓
Discount of Product Price for Employee	✓	✓	
Domestic Travelling Expense	✓	✓	✓
Overseas Travelling Expense	✓	✓	✓

Overseas Travelling Expense

In 2017, the Company participated in the project for development and promotion of knowledge management to support Happy Work Place in order to create balance between personal life and working for organizational personnel under target of sustainable happiness creation and preparedness to share happiness into external society. The mechanism of Happy Work Place consists of happiness box in 8 respects as follows:

- 1) Happy Body: The Company campaigns the employees for health care, exercise promotion, and useful eating so that the employees are healthy with happy and joyful mind, affecting effective operation of the employees.
- 2) Happy Brain: The Company promotes the employees to always seek knowledge and develop oneself from source of learning and opportunities, leading to skill development and affecting job progress. The Company also regularly organizes training course for the employee
- 3) Happy Family: The Company foresees the significance of the family institution. When the employee has warm and secure family life, it will promote the creation of family connection and good relationship between employee family and organization
- 4) Happy Heart: The Company campaigns generosity and hospitality to be the promotion of generosity and helpfulness in workplace so that the employee will have love and harmony such as article sharing and cultivation of giving society.
- 5) Happy Money: The Company supports the employees to know about saving and financial management in order to have savings, know to spend and not to owe debt, to be the promotion of saving spending with savings for use in reserve.

- 6) Happy Relax: The Company promotes the employees to know about relaxation on something to be the creation of enjoyment, relaxation of fatigue and work stress, helping the employee to have good morale, and resulting in the employee's opportunity of good mutual relationship creation such as mutual grouping for eating and discussing in relaxed atmosphere.
- 7) Happy Society: The Company promotes social coexistence both in the Company and surrounding society to be the promotion of love and harmony, hospitality toward the workplace community and residential community, and assistance of surrounding society. If the surrounding society is happy, the organization which is in that society will be also happy.
- 8) Happy Soul: The Company arranges the activity related to the holy days and important traditions for employee participation and faith in religion, cultivation of living morality to be the promotion of virtue and ethics for employees so that the employees will be happy, peaceful in mind and peacefully coexist.

The Company realized the importance of human resources as the most valuable asset and it is a key factor to lead the organization to success, the Company is committed to the development of employee capability together with creating a sense of responsibility to society including the sustainable happiness creation in all aspect.

In 2017, the Company planned to develop various projects to meet the needs of its employees and to enhance the corporate happiness to be a happy organization continuously by following developments:

Development of Work Skill and Knowledge and Competency

The Company has formulated the guideline for the employee skill and proficiency development as well as determination of training hours as follows:

Guideline	Method	Total Number of Hours (per year)
On-the-Job Training	Determine necessary training standard of each position and arrange the head of each work unit for employee during actual working to perceive and understand proper work method.	<ol style="list-style-type: none"> 1. Production Unit in the Factory (not below 50 hours) 2. Marketing Unit (not below 10 hours) 3. Accounting - Finance Unit (not below 30 hours)
In-house Training	Determine the competency-based courses under below classification. <ul style="list-style-type: none"> • Basic Course for Employee • Specific Position-Based Competency Course • Management Competency Course • Other courses 	<ol style="list-style-type: none"> 4. Human Resource Unit (not below 20 hours) 5. Company Secretary and Investor Relations Unit (not below 30 hours)
Public Training	Delivery of employee for training in the course organized by the external institution	

Overall Operation of Training for 2017

Course	Number of Training Hours
In-house Training	49.5
Public Training	84.5
Total	134

Life Skill Development

The Company promotes creation of happy workplace by establishing working group to be “happiness creator” for practice of skill as the happy workplace creator from the consultant of Association of Happy Workplace Promoters and various lecturers from associate member organization so that the working group can extend more knowledge and competency in self-creation of happy workplace creator to improve happiness of everyone in workplace toward sustainable happiness in the future accordingly. The necessary skills of “happiness creator” are as follows:

1. Able to analyze oneself and other persons
2. Able to solve and prevent conflict problem
3. Able to lead activity, build atmosphere in workplace and surrounding people
4. To be the good listener and able to correctly summarize the aspect.
5. To be the good speaker and create morale to surrounding people.
6. To have good attitude and positive thinking.

The working group of happiness creator has started to execute and extend the result from learnt things toward actual practices with the projects that satisfy the employee’s demand and set regulation of happy coexistence consisting of the following:

- Punctuality
- Elder Respect
- Politeness in Manners, Words and Behaviors
- Ethics and Responsibility
- Self-Respect and Respect to Other Persons

Training Attendance and Participation in Activity of Association of Happy Workplace Promoters Happy Workplace



“Happy Credit” Project

The objective is to release debts for its employees by affixing the collaboration between East Coast Furnitech Public Company Limited and G Capital Public Company Limited to prepare “Happy Credit” Project for easy borrowing, comfortable amortization, special condition granting to the employee with more than 3 years and over service duration. It is the credit granting that helps reduce obligation of the employee who participates in the Project for decrease in amortized installment and loan interest. The knowledge provision and financial management skill development are executed to the employee whereas the employee who participates in the Project shall comply with the rule of the Project and shall disclose actual financial information. Such project has been commenced for execution in 2016 and still continued.

3. Corporate Social Responsibility Activities

The Company gives precedence to building of awareness as giver and nearby community responsibility with concept of social and responsibility assistance inside the community that creates friendliness occurrence in the community area for occurrence of the community people’s quality of life improvement from employment in the area, and participation in support of restoration and renovation of the religious place, emphasis on care and reinforcement of environmental condition, natural condition both in the area of forest and shore in the community area.

In 2017, the Company implemented the CSR Activities as follows

“ECF Shares Rice to Employees Project” At East Coast Furnitech Public Co., Ltd.

In March 2017, East Coast Furnitech Public Co., Ltd. arranged the activity of sharing rice to all employees of the Company and its subsidiaries and this activity will be continuously arranged.

The objective is to help the living of employees for better quality of life and to motivate and encourage employees.



“Welcome Old Calendar...” Activity At East Coast Furnitech Public Co., Ltd.

In 2017, East Coast Furnitech Public Co., Ltd. arranged “Welcome Old Calendar...” Activity by accepting old calendars from employees and outsiders for the donation to the Foundation for the Blind in Thailand under the Royal Patronage of H.M. the Queen to use in making Brailles and use as schooling materials. This activity is another activity which the Company will continuously arrange as a part of good intention to jointly develop community and society.



“Join with ECF to give medical equipment to patients” Activity at Klaeng Hospital, Rayong Province

In previous year, executives and employees of East Coast Furnitech Public Co., Ltd. jointly donate to buy medical equipment and give to Klaeng Hospital, Rayong Province for helping emergency patients.



The hospital built additional patient service buildings and needs many items of medical tools and equipment which have high budget, such as Respirator, Pulse Oximeter, Blood Pressure Monitor and many facilitating equipment for patients.

“We are Delighted....Children are Full up” Activity At Wat Prachumraj School, Lam Luk Ka District, Pathum Thani Province

The objectives are to promote and educate the hospitality and happiness to be giver and to participate in the activity of volunteer to sacrifice for others. The Company and employees jointly organized the activity to give lunch for students including donating things such as toy, schooling equipment. This is another social activity that ECF people continuously arrange.



Quality Environment

The Company gives precedence environmental impact occurred from the Company's business process either directly or indirectly under control from environmental friendly production process of products and services in every procedure, and also cultivates its employees to be aware of environmental care whether being waste sorting, cleanliness inside the building area, plant and surrounding area.

Resource Utilization

The Company utilizes energy in part of production process, service and office, consisting of three parts as follows:

1. Electric power from the Provincial Electricity Authority for office work and production in the factory at Rayong head office and the Provincial Electricity Authority for marketing office works at Lam Luk Ka branch office, Pathum Thani Province.
2. Fuels such as diesel oil and benzene for use in product transportation work and office automobile of the Company
3. Municipal water supply from Provincial Waterworks Authority for office work and production in the factory at Rayong head office, and Provincial Waterworks Authority for marketing office works at Luk Ka branch office, Pathum Thani Province

The Company realizes on saving and reducing energy resource utilization under policy of close control on expenses of electric power, fuel and municipal water supply, and target of continuous decrease in expenses.

Waste and Consumable Management

The Company gives precedence to management of waste and consumable derived from production process and employee consumption under clear waste sorting method and asks for collaboration of employee to sort each type of waste for management of wastes and consumables from processes under below details.

- Wood chips and sawdust: the products remaining from the wood cutting process shall be used as the fuel for the boiler to generate renewable energy in the production process. If the quantity of wood chips and sawdust is high, the company shall sell them to a third party.
- Dust: the dust from polishing process using sandpaper or polishing machine, the company shall use filter bag. The filtered dust shall be sold to a third party to use as a raw material accordingly.
- Residue of Spraying from the pigmentation process on the work piece, the company has a measure to prevent the impact caused by spraying color to the environment by using a pigmentation room with circulating water to reduce the color mist. The residue from this process shall be properly eliminated.
- Paint residue from the manufacture of covering paper; the residue of paint after printing process, the company shall bury such residue in the factory.
- Waste materials such as rejected artificial leather or textile from production process, the company shall gather them to sell to a third party.
- Glue: it is the adhesive materials to attach the covering paper to the particle boards, the company shall use a water base glue that can be melted by water, causing no environmental impact.

However, in last year, the Company has started the execution according to the Policy of Corporate Social Responsibility for social and environmental benefit with sustainable effect both toward social and business. In the following years, the Company will formulate the policy and practical guideline to express clearer social and environment responsibilities, advance more concrete activity organizing, and apply the acquired result from the policy and activity for analysis and evaluation under objective of development and improvement.

Internal Control and Risk Management

Thoroughly, ECF has always been recognizing the importance of an internal control system, both of executive and operation levels, for effective and efficient operation of all departments. The Board of Directors Meeting of the Company No. 3/2018 on March 12, 2018 and all audit committee members also attended the meeting. The Board of Directors has assessed the adequacy of the Company's internal control system in five areas; including all five of Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities. The Audit Committee gave the opinion that the Company has appropriate and sufficient internal control system regarding transactions with major shareholders, directors, executives or persons related to such persons for the business of the company in business operation. The consideration of such transactions will primarily focus on the utmost benefits of the Company and such transactions will be considers as the transaction with outsiders. The company formulated a policy to increase carefulness in making such transactions by which future transactions are taken into consideration, and consideration will concentrate on only nonstakeholders in such transactions. The Board of Directors also gave opinion relating to the internal control system for other areas that it is adequate and suitable.

For the implementation of the internal control system of the company, the company has audit committees to review the internal control system which will be appropriate and effective. Audit Committee has the duties and responsibilities under the Audit Committee Regulations, and in accordance with Requirements of the Stock Exchange of Thailand, including reporting to the Board of Directors on the company's financial reporting re-examination to reassure the compliance with the accounting standards properly and adequately so that the company's internal control will be appropriate and effective, and ensure that the company complies with the requirements and related laws.

The Company has continually developed the internal control system to be more efficient and also hired the ACC-PLUS Consultants Co., Ltd. to be an internal auditor for the company. The internal auditor's duties are to monitor the accuracy and to set up the Company's internal control system in order to ensure of the good balancing and checking for about the performance of all departments. The Company launched to hire ACC-PLUS Consultants Co., Ltd. by quarter 3 of 2011. The internal audit shall prepare an internal audit report and conduct the annual internal audit plan for the Audit Committee Meeting's approval. The Company's Internal Audit is also responsible for monitoring and tracking the accuracy and integrity in the operation of various departments in complying with the Company's policy, the Company has continuously improved and develop the quality of internal control. In the Audit Committee Meeting No. 1/2018 held on 27 February 2018, the internal auditor presented the report of internal audit result including suggestions and the operation of the Company, the Audit Committee acknowledged such suggestions relating to the internal control system and there are some issues to be improved which will be added in the follow-up agenda in the next Audit Committee Meeting. The internal auditor will present follow-up result and new potential issues to the Audit Committee Meeting every quarter

Person/Party who may have conflict of interest	Relationship	Type of Transaction	Amount of transaction (MB)		Necessity and reasonability
			Year 2017 or as of December 31, 2017		
		<p>Sales of Products: The Company sells particle board furniture to Index Living Mall since September, 2012</p> <p>Trade Receivables : Index Living Mall has the accrued expenses which have not got into the payment overdue.</p> <p>Trade Receivables : The Company invested of decoration in the showroom which is a rental area within Index Living Mall.</p>	12.59		<p>Audit Committee's opinion: Audit Committee verified and provided the opinion of these transaction that they are rational and for the maximum benefits of the Company.</p>
		<p>Sales of Products : The Company sells foil paper to IIF in 2010</p> <p>Trade Receivables: IIF has the accrued expenses of foil paper with the Company and the overdue within 3 months which is normal payment condition for IIF.</p> <p>Raw Material Purchasing : The Company purchases foil paper and PVC from IFF to produce some model of products prior to distribute to Index Living Mall.</p>	12.51	4.44	<p>- IIF is one of the large furniture manufacturer in Thailand, IIF started to order foil paper in 2010 before re-structuring of the Group to eliminate conflicts of interest. IIF purchased products from VCD at first time.</p> <p>- The foil paper has quality and unique property such as color, gloss and thickness. The company sets prices on the basis of the pricing in normal commercial terms, fair and at arm's length basis.</p> <p>- The Company needs a lot of foil paper to produce furniture to distribute to Index Living Mall as the result that the Company cannot produce and find the raw materials to produce according to the specified qualification.</p>
2. Index Interfurn Co., Ltd. (IIF)	<ul style="list-style-type: none"> INDEX Group Director of IIF is spouse of Mr. Arak Suksawad who is in the position of shareholder, authorized the Board of Directors and management of the Company 				

Person/Party who may have conflict of interest	Relationship	Type of Transaction	Amount of transaction (MB)		Necessity and reasonability
			Year 2017 or as of December 31, 2017		
		<p>Accounts Payable: The Company has accrued expense for foil paper and PVC edge to IFF, however this payment has not got into the payment overdue.</p> <p>Advance payment for shares: ECF Power Co., Ltd. as a subsidiary paid SAFE for newly issued shares which are under the registration of capital increase with the Ministry of Commerce and it has not yet been completed.</p>			<p>Audit Committee's opinion: Audit Committee verified and provided the opinion of these transactions that they are rational and for the benefits of the Company.</p>
3. SAFE Energy Holding Co., Ltd. (SAFE)	SAFE is the joint venture which the Company's subsidiary; ECF Power Co., Ltd.; holds 33.37% of its total share value.		58.40		<p>Since SAFE has a continuous investment projects, ie SAFE Biomass Co., Ltd. which operates a wood shredder plant to supply raw materials to biomass power plant located in Narathiwat Province; and also invests in two biomass gasification power plants (1 megawatt for each project) in Phrae Province. Therefore, it is necessary to raise funds from shareholders to invest in these two companies as well as to utilize as working capital for business operation.</p> <p>Audit Committee's opinion: Audit Committee verified and provided the opinion of these transactions that they are rational and for the benefits of the Company.</p>
4. Green Earth Power (Thailand) Co., Ltd. (GEP)	GEP is a joint venture of the Company's subsidiary; ECF Power Co., Ltd.; by holding 20% of the total shares.	<p>Short-term loan: The Company provides short-term loan to GEP with the interest rate of 5 % per year and due at call.</p> <p>Accued interest receivable: It is the interest incurred from short-term loans amounting 1.16 Million Baht.</p>	1.16	0.03	<p>Since presently, GEP has not started the commercial operation and the construction of the first 50 megawatt solar power plant of 220 megawatts is still under construction. Therefore, it is necessary to borrow money from the Company as a shareholder for business operation.</p> <p>Audit Committee's opinion: Audit Committee verified and provided the opinion of these transactions that they are rational and for the benefits of the Company.</p>

Person/Party who may have conflict of interest	Relationship	Type of Transaction	Amount of transaction (MB) Year 2017 or as of December 31, 2017	Necessity and reasonability
5. Loan from Directors	Mr. Wanlop Suksawad is holding the position of Director	<p>Short-term loan : The Company borrows short-term loan amounting 65 Million Baht from Director and already paid back.</p> <p>Accrued interest payable : It is the interest incurred from short-term loans amounting 65 Million Baht with the interest rate of 6.25% per year and due at call.</p>	0.30	Such transaction is for the benefit of working capital in a short time.
				<p>Audit Committee's opinion: Audit Committee verified and provided the opinion of these transactions that they are rational and for the benefits of the Company.</p>

Audit Committee's Opinions

The Audit Committee considered related transactions of the Company and its affiliates with persons who may have conflict of interest, interests, or possibly future conflict of interest in accordance with the Notification of Securities and Exchange Commission (SEC) at the Audit Committee Meeting No.1/2018, held on February 27, 2018, the Committee agreed that such related transactions are reasonable, fair and and at arm's length basis.

Policies or Trends for Preparing Related Transactions Including Acquisition or Selling of the Company's Properties in the Future

Measures and Procedures for the Approval of Related Transactions

In case of having related transactions of the Company and its affiliates with persons who may have conflict of interest, interests, or possibly future conflict of interest as trade agreement in the same format into which person of ordinary prudence may enter with general contractual party under the same situation by exercising trade negotiation power without any power as board, executive, or any relevant person, as well as having normal trade condition or market price under reasonable, accountable, and non-benefit transfer, the Management of the Company can perform such implementation normally under the principles approved by the Company's board and must prepare summary report to the auditing committee at every quarter.

In case that the related transactions are not normal transactions, the Company will have comments by the auditing committee on necessity and appropriation of such transactions. In case that the auditing committee does not have expertise in considering on possible related transactions, the Company will consider having independent price estimator, independent specialized expert, or account auditor Measures and Procedures for the Approval of Related Transactions prepare comments on such related transactions for the auditing committee so that the committee can apply such comments in support of their decision making and preparation of comments to the board of the Company or shareholders, as appropriate in each case, to approve such items before performing such transactions. In this connection, the Company will disclose such related transactions in the note to financial statements which are audited by the Company's auditor. If the Company's common stocks have been registered in mai stock market (mai.), the Company will disclose such related transactions in the annual transaction form (Form 56-1) and the Company's annual report (Form 56-2) based on principles and laws concerning securities and exchange market. In this connection, the consideration to approve such related transactions shall comply with laws concerning securities and exchange market, as well as regulations, notifications, orders, or provisions of the Stock Exchange of Thailand in which a person who may have conflict of interest or interests from the preparation of such related transactions will have no right to make any vote for such related transactions preparation.

Policies or Trends for Preparing Related Transactions in the Future

In the future, if the Company needs to prepare related transactions with a person who may have conflict of interest with the Company, the Company will set out conditions based on normal trade characteristics and as market prices which could be comparatively referred to conditions or prices incurring with the similar business that the Company does with any third party. In this connection, the Company will have the auditing committee provide opinions regarding price, compensation rate, as well as necessity and appropriation of such related transactions. In case that the auditing committee does not have expertise in considering on

possible related transactions, the Company will consider having independent price estimator, independent specialized expert, or account auditor prepare comments on such related transactions for the auditing committee so that the committee can apply such comments in support of their decision making and preparation of comments as appropriate in each case. In this connection, the Company will disclose such related transactions in the note to financial statements which are audited by the Company's auditor. If the Company's common stocks have been registered in mai stock market (mai.), the Company will disclose such related transactions in the annual transaction form (Form 56-1) and the Company's annual report (Form 56-2) based on principles and laws concerning securities and exchange market. In this connection, the consideration to approve such related transactions shall comply with laws concerning securities and exchange market, as well as regulations, notifications, orders, or provisions of the Stock Exchange of Thailand.

In this regard, for any future related transactions the auditing committee must comply with regulations determined and must not approve any transactions related to themselves or any persons who may have conflict of interest of any kind with the Company, as well as must disclose such transactions to the Company's board for their consideration. In this case, the Company must abide by laws concerning securities and exchange market, as well as regulations, notifications, orders, or provisions of the Stock Exchange of Thailand, including regulations related to information disclosure of related transactions preparation and the acquisition or selling of the properties of the Company or its affiliates, as well as must be strictly consistent with accounting standard determined by the Accountants Association. In addition, the Company must not conduct any related transaction with any relevant company if it is not for the normal business performance of the company.

Approval of Principles relating to Trade Agreement with General Commercial Conditions for Related Transactions between the Company and Subsidiaries with Directors, Executives and Related Persons

In case of having related transactions of the Company and its affiliates with boards and executives or any relevant person as trade agreement in the same format into which person of ordinary prudence may enter with general contractual party under the same situation by exercising trade negotiation power without any power as board, executive, or any relevant person. According to the Board of Directors Meeting No. 1 /2012 (after conversion) held on October 26, 2012 accordance has the resolution as trade agreement regarding the Company's business activities with relevant person in order to be the Company's operation road map.

Investor Protection Policy

To protect the investor's benefit in case that the Company has related transactions with persons who may have conflict of interest and with relevant companies, the Company shall propose this issue to the Audit Committee at the Board of Director's meeting. In this connection, the consideration to approve such related transactions shall comply with laws concerning securities and exchange market, as well as regulations, notifications, orders, or provisions of the Stock Exchange of Thailand, and compliance with the disclosure of assets transaction and the acquisition as regulations.

Audit Committee Report 2017

Dear All Shareholders of East Coast Furnitech Public Company Limited

The Audit Committee of East Coast Furnitech Public Company Limited (ECF) comprises three independent committees who have knowledge, capability, specific experience, and complete qualifications in accordance with requirements from the Stock Exchange of Thailand and are independent to perform duties according to the Charter of the Audit Committee which consists of:

1. Associate Professor Dr. Montree Socratyanurak
Chairman of the Audit Committee
2. General Terdsak Marom
Audit Committee Member
3. Associate Professor Songklod Jarusombat
Audit Committee Member

In 2017, the Audit Committee held 5 meetings and in each meeting all audit committees have attended in the meetings, participants completely participated with the Audit Committee such as the internal auditors and certified accounting auditor who clarified the facts and the results of audits including identifying evidence and supporting documents for presentation in each quarter. However, in some agendas, the Audit Committee invited the executives attended the meeting in order to clarify the related enquiries of the Audit Committee.

In the meetings, the Audit Committee have complied with Charter of the Audit Committee which the Audit Committees have strictly approved and the results from each meeting has shown the operation in summary and recommendations which are beneficial for the Management for the acknowledgement of Board of Directors. Important issues can be summarized as follows:

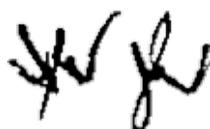
- Review of quarterly financial Statements and annual financial statements in 2017 before submitting them to the Board of Directors to assure that financial report, financial accounts of the Company and subsidiary Companies have correctly established and complied with accounting standards and requirements by law and have been adequately disclosed in the notes of financial statements. This includes considering the analysis of financial statements in case there are significant cases by quarter to ensure that preparation process of financial statement and disclosure of important information is accurate, reliable and in accordance with accounting standard pursuant to general certified accounting principles. The Audit Committee opined that financial report of the Company had been prepared in accordance with general certified accounting principles and is accurate and reliable, and that the implementation of accounting policies was reasonable.



- Review of adequacy of internal audit system and internal auditing, the Auditor Committee had opined that it is efficient and appropriate, has no significant defect and the Internal Auditor Department is independent. In addition, the internal audit plan for 2017 has been approved which will audit and monitor the amendment to comply with prior recommendations. For additional improvements requested in non-significant issues, the Audit Committee has specified a timeframe for the Company to solve issues as soon as possible.
- Review of compliance of Securities and Exchange Act, requirements of the Stock Exchange of Thailand and laws relevant to business of the Company. The Audit Committee opined that the Company has correctly complied with laws.
- Review of connected transactions or any transaction which may have a conflict of interest. The Audit Committee opined that the connected transaction was reasonable, fair and at arm's length as well as complied with requirements of the Stock Exchange of Thailand and completely disclosed in the notes to support financial statements.
- Review of risk management, report of audit result and evaluation of risk control system including exchanging opinions with top management, the Company will hold a meeting to consider risks which may incur during business operation at least twice a year. In 2017, there are totally 3 meetings in the level of Risk Management Committee to control and protect possible risk factors that may occur, affect and propose preventive measures and potential risk mitigation. During 2017, the Company emphasized the management of exchange rate to not affect the Company's operational result and considered to expand its business in energy business which may cause many risks but provide satisfied result. Additionally, in 2017, the Company has not found any risks that has an significant impact on the Company's operational results.
- Selecting auditor needs to evaluate the performance of the auditor in the previous year by considering reputation, reliability, ability to audit and certification of financial statement. In the past, the auditor could constantly process in time. The Audit Committee has approved to the committees of the Company to present for approval at shareholders' meeting by designating Mr. Akkadej Pliansakul, certified public accountant registration No. 5389 from M.R. & ASSOCIATES Co., Ltd. to be the auditor of the Company for the fiscal year of 2017. The total compensation will not exceed the limit which had been considered and approved. In this year, the auditor will perform the Company's auditor for 1 year.
- The Audit Committee has evaluated the overall performance of the Audit Committee per set of committees in 2017, the Audit Committee had overall opinion that the Audit Committee has performed its duties in accordance with the Charter of the Audit Committee adequately and completely.

On behalf of the Audit Committee

East Coast Furnitech Public Company Limited



(Associate Professor Dr. Montree Socratyanurak)

Chairman of the Audit Committee

STATEMENT OF RESPONSIBILITIES OF THE BOARD OF DIRECTORS ON FINANCIAL STATEMENTS

Dear Shareholders,

The Board of Directors of East Coast Furnitech Public Co., Ltd. emphasizes duties and responsibilities in governing the business of the Company to meet the good corporate governance policy and is also responsible for the preparation of the financial statements and financial information as appeared in the Annual Report according to the Generally Accepted Accounting Principles (GAAP) with accuracy and completeness. As well, the notes as references in the financial statement will be adequately disclosed by applying the appropriate accounting policy which is regularly practiced and carefully use discretion for the benefits and transparency to shareholders and general investors.

The Board of Directors has established the Risk Management system as well as established and maintained appropriate and effective internal control system with following objectives: to enhance the reasonable confidence to the reliability of financial statements, to maintain properties with good protection system and without corruption transactions or unusual operations, to have non-conflict connected transactions, general commercial condition with normal business manner, reasonability and utmost benefit to the Company as well as to operate in accordance with relevant regulations and laws. The Board of Directors had appointed the Audit Committee to perform the review of accounting policy and quality of financial reports including internal control system, internal audit, risk management system and to report the performance result to the Board of Directors. The Audit Committee's report on these matters is published in the Company's Annual Report.

The Board of Directors expressed their opinion that the Company's overall internal control system is in the satisfactory level with adequacy and appropriateness, it could provide reasonable confidence to the reliability of overall financial statements and particular financial statement of the Company as of 31 December 2017. The Company's Auditor had audited in accordance with the generally accepted accounting principles and expressed his opinion that the financial statements showing financial status and performance result are fairly presented with adequate disclosure in accordance with the Financial Reporting Standards



(General Terdsak Marom)

Chairman



(Mr. Arak Suksawad)

Managing Director

Management Discussion & Analysis (MD&A)

Overview of past performance

Throughout the past three years from 2015-2017, the Company's value of revenues from sales continuously increased with average Compound Average Growth Rate for three retroactive years period for 4.06%. The growth rate of revenues from sales was 2.75% between 2015 and 2016 and 5.39% between 2016 and 2017. Average revenue value in past 3 years is 4.34 % provided that total revenue between 2015-2016 has growth rate of 2.70% and between 2016-2017 grows for 6.19%

Nevertheless, in 2017 period, the Company's growth rate of revenues from sales increased when compared with previous year period since it was the year that commercial atmosphere recovered by growth rate figure of the national economy that is getting better. The company can make revenue from domestic sale in 2017 with growth rate of 16% for exporting. Although wood furniture export figure in 2017 continuously decreased at 7.82%, the company is satisfied with it that it could create growth rate of sale revenue and total revenue to increase unceasingly.

In overall of 2017, main revenue of the company comes from product exporting accounted for proportion of sale revenue for 52% with decreasing revenue for 3%. However, if considering US dollar currency, which is the currency the company uses for export, the company still can earn turnovers from exporting to continuously grow. If considering in Thai Baht, we could see that the exporting value declined due to Thai Baht's strength in 2017 compared with 2016. Although growth rate did not reach the target, in 2017, the Company has started adjusting product development strategy by offering new products to customers such as bedding products whose production line has been expanded since the end of 2016 and it begins to be responded by customer groups. Apart from new products offer, the Company also emphasizes the design and development of products continually to reduce sale volume in old products groups that the customers have ordered incessantly. As some products have been sold for long time, it is difficult to increase price from customers. In addition, such method will be another way to help the company to make more profit.

For income from domestic product distribution, the increase of sale growth rate due to domestic factors, if considering each distribution, was found that the company has growth rate of product distribution through wholesale shops and retail shops nationwide. The company uses Costa Brand increasingly significantly with growth rate more than 180% and value of distribution through such channels increased from 2016 for 35.71 million Baht and it rose to 100.13 million Baht in 2017 as a result of marketing and sale personnel restructuring as well as competitive strategies.

Since East Coast Group has restructured business operation completely in 1011, the company has run the business through operations of two juristic persons including East Coast Furnitech Co., Ltd (before transformed into public company limited) and VV-Décor Co., Ltd as a subsidiary, whose shares are held by the company for 99.95%. After such restructuring, the company will operate main business as a manufacturer and

distributor of particleboard furniture, rubber wood furniture, melamine paper, processed rubber wood, and dried rubber wood for furniture production. Production and distribution of processed and dried rubber wood and distribution of furniture under the brand “ELGA” in 18 showrooms will be the distribution of real wood furniture. Nevertheless, it includes domestic production and importing from foreign countries. FINNA HOUSE consists of two locations, which will distribute furniture produced under copyright of Disney Cartoon as the master franchisee, and currently, it is still the sole franchisee in Thailand and it also provides service of cutting edge-band (PVC).

Later in 2015, the Company has registered another subsidiary named ECF Holdings Co., Ltd (Subsidiary or ECFH) as a subsidiary whose 75% shares are being held by the company. Currently, ECFH operates the business of Can Do Retails shop with similar operation as “100 Yen Shop” that the company gets franchise from Japan. It distributes products at a same price of 60 Baht and currently there are three branches including Future Park Rangsit Branch opening on 19 December 2015. In addition, ECFH operated the energy business in short time during 2015-2016 that ECFH invested in alternative energy business for solar power plant project of ECF Tornado Energy Godo Kaisha with investment in Japan. This power plant has capacity of 1.5 Megawatt with location at No. 1737 Kodani, Toyotomi-cho, Himeji city, Hyogo, Japan and ECFH held shares at 51% and it has distributed electricity commercially since 21 December 2015. After that, the company considered selling properties invested in ECF Tornado for 51% to Capital Inc., which is a juristic person, registered since 1982 to operate the business of real estate, solar power business and other energy in Japan. It has executed property sale and purchase agreement on 19 August 2016 and distributed properties’ net sale price after related taxes was 82.19 million Baht, which was the best sale price with best conditions compared with other five sellers. Its profit calculated with capital and investment was 43.94% and the reason why it decided to sell such properties is that after considering potential profit compared with rate of return from project operation at 8%/ year for 20 years of project term, after returning investment and profit from sale to shareholders in 29 September 2016, currently, ECF Tornado has finished registering the closedown of the company on 22 February 2017. Therefore, ECFH does not operate any alternative energy business.

Performance

Revenue from furniture business

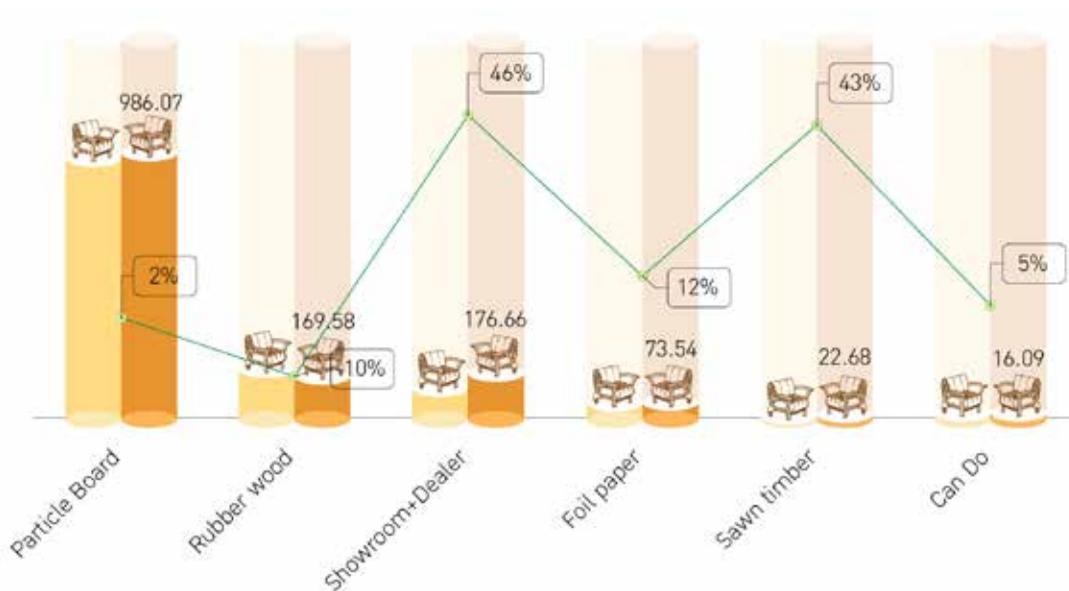
Revenue of the company can be categorized by product type and distribution channel with following details. Revenue the company based on product type can be ranked according to major proportion compared with total sale revenue in 2017 as follows

- 1st rank is revenue from distributing particle board furniture with value of 986.07 million Baht or 68%
- 2nd rank is revenue from distributing rubber wood furniture with value of 169.58 million Baht or 12%
- 3rd rank is revenue from distributing furniture through showroom, wholesale shop and dealers with value of 176.66 million Baht or 12%
- 4th rank is revenue from distributing melamine paper with value of 73.54 million Baht or 5%
- 5th rank is revenue from distributing dried rubber wood with value of 22.68 million Baht or 2%
- 6th rank is revenue from distribution of Can Do retail shop with value of 16.09 million Baht or 1%

Comparing growth rate of revenue from distributing furniture categorized by product types between 2016 and 2017, the Company mostly has income from sale with continuous growth rate except rubber wood furniture that decreased in 2017 as the company had purchase orders for the customers not reaching the specified target.

Comparison of revenue from furniture distribution categorized by product type between 2016 and 2017

(Unit : Million Baht)



Revenue from Can Do shop

For business operation of ECF Holdings Co., Ltd, the company has revenue from operating retail shop in form of one-price distribution (60 Baht) which is similar to 100-yen shop in 2017 for 16.09 million Baht. Can Do Shop has started its service on 19 December 2015

Revenue from solar power plant and biomass power plant business

In 2016, the Company had revenue from solar power plant in Japan from ECF Tornado Energy GK in form of profit sharing from investment in joint venture for 32.83 Baht. Power plant in Japan started distributing electricity commercially on 21 December 2015. After the completion of power plant's distribution in February 2017, the company did not perceive profit sharing from investment in that project.

In 2017, the company had profit share (loss) from investment in joint venture for 19.50 million Baht from the investment of ECF Power Co., Ltd (ECF-P) as a subsidiary whose 99.99% shares are held by the company. ECF-P has perceived profit share from investment in different companies as follows

Safe Energy Holdings Co., Ltd (SAFE): ECF Power Co., Ltd (ECF-P) as a subsidiary that the company invested in for 99.99%, has invested in SAFE for 33.37%. currently, it can perceive overall operation of biomass power plant with size of 7.5 Megawatt of Price of Wood Green Energy Co., Ltd (PWGE) in Narathiwat Province. The company has perceived profit by proportion of investment in 3rd quarter of 2017 and SAFE invests in PWGE for 99.99%

Green Earth Power (Thailand) Co., Ltd operates the business of solar power plant of 200 Megawatt in Minbu, Myanmar. ECF-P as a subsidiary invests in this company for 20% and currently, the project is being constructed and commercial revenue has not been acknowledged.

From above details, it led to significant changes of comparision of profit (loss) share from investment in joint venture by reducing for 41% in 2016.

The company has sale revenue in 2015, 2016 and 2017 for 1,334.10 million Baht, 1,370.78 million Baht and 1,444.62 million Baht, respectively accounted for growth rate increase of 2.75 % compared between 2015 and 2016 and 5.39% between 2016 and 2017, respectively.

Additionally, it could be divided as revenue from domestic and international distribution. in 2017, it was 48% and 52%, respectively.

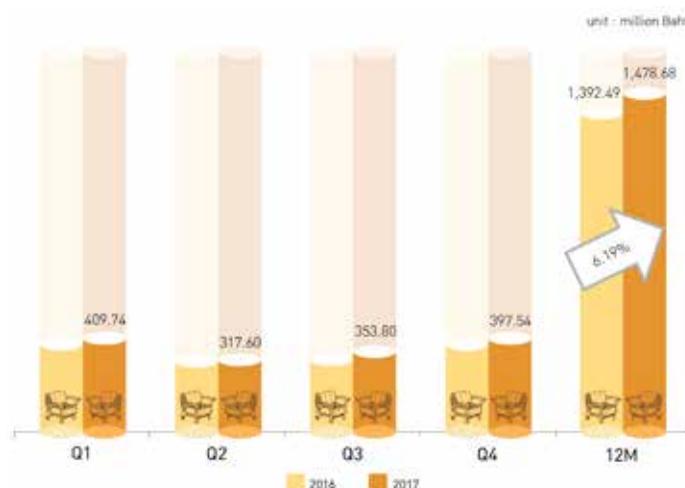
If considering details of product type, we could see that in 2017, sale revenue significantly increased because the company had growth rate of furniture distribution revenue through wholesale shops and dealers in 2017. This is a result of the fact that the company has applied marketing strategy to expand distribution channel in dealer group. Most furniture distributed through dealer is produced by the company, imported from foreign countries or outsourced for production for the Company.

Other revenue's value of the company in 2015, 2016 and 2017 was 24.20 million Baht, 21.71 million Baht and 34.06 million Baht, respectively. other revenues of the company included profit (loss) that has not occurred from fair value measurement of derivatives and other parts consisted of revenue from material scrap distribution, profit (loss) from fixed asset sale, interest, exporting compensation. The part that significantly increased in 2017 was revenue from material scrap sale.

Total revenue in 2015, 2016 and 2017 of the company was 1,358.30 million Baht, 1,392.49 million Baht and 1,478.68 million Baht, respectively accounted for compound annual growth rate (CAGR) at 4.34%. Total revenue value continuously increases by major growth of sale revenue.

Total revenue with quarterly comparison

between 2016-2017 (unit : million Baht)



The company has total revenue with quarterly comparison in 2017 that in 1st, 2nd, 3rd and 4th quarters, values were 409.74 million Baht, 317.60 million Baht, 353.80 million baht and 397.54 million Baht, respectively. In 2017, the Company could have revenue growth rate increased in every quarter compared with the same period in 2016. In addition, it is normal for the business that sale revenue will be at lowest points for 2nd and 3rd quarters and it will rise again in 4th quarter and 1st quarter as normal product sale season.

Sale cost and expense

The company had sale cost per sale revenue in 2015, 2016 and 2017 for 73.59%, 71.73% and 69.51% respectively or sale cost values were 981.74 million Baht, 983.27 million Baht and 1,004.20 million Baht, respectively.

If considering data from 2015-2017, it is obvious that the company has proportion of sale cost per sale revenue decreased continually. the main reason is that the company invested in ordering Semi-Automatic Machine to enhance efficiency in particle board wood furniture process. some machines have been installed and operated and it significantly affected production cost since 2013-2017. the company still has a policy of investment in semi-automatic machines in production line continuously. investment in such machines affected sale cost that can be decreased when considering from past 3 years. In 2017, another main cause affecting the decrease of sale cost apart from enhancing efficiency in production process, it is the year the company had a policy to control cost and expense in production process and it is the year particle board cost declined leading to the reduction of product cost and expense.

The Company has proportion of distribution to total revenue in 2015, 2016 and 2017 for 9.88%, 10.68% and 10.59%, respectively or values were 137.17 million Baht, 148.73 million Baht and 156.62 million Baht, Respectively.

It has proportion of management expense to total revenue at 8.74%, 11.89% and 12.14% respectively or the values were 118.65 million Baht, 165.60 million Baht and 179.55 million Baht, respectively.

For cost of distribution and management expense, its proportion compared with total value was unchanged significantly.

Proportion of financial cost to total revenue of the company in 2015, 2016 and 2017 was 2.85%, 3.91% and 5.32% or its values were 38.73 million Baht, 54.43 million Baht and 48.66 million Baht, respectively.

Nevertheless, the financial cost happening in past times was payable interest from borrowing with financial institutions. the company still has overdraft balance and short-term loan from financial institutions as of 31 December 2015, 2016 and 2017 for 540.24 million Baht, 672.87 million Baht and 431.77 million Baht, respectively and it has outstanding amount from long-term loan with financial institutions as of 31 December 2015, 2016 and 2017 for 177.77 million Baht, 153.14 million Baht and 93.85 million Baht respectively. However, although in 2017, the company had much decreased outstanding short-term loan and long-term loan with financial institutions, the company has increasing debts significantly, which is short-term loan from individuals and other businesses with outstanding amount as of 31 December 2017 for 279.64 million Baht compared with 2016 when this amount did not exist. Such list has happened in October until December 2017 with interest rate of 4.5-6% per annum. In addition, during 2016-2017, the Company has provided fund sources for business operation by issuing and offering debenture on 26 May 2016 with interest rate of 5.4% per annum and it will reach the term of redemption on 26 February 2018.

Gross profit margin and net profit margin

The company had gross profit margin in 2015, 2016 and 2017 as proportion of gross profit to sale revenue of 26.41%, 28.27% and 30.49% respectively or its values were 352.36 million Baht, 387.51 million Baht and 440.42 million Baht, respectively.

Main reason why the company had increasing gross profit margin, if compared with 2015, is that the company adjusted production process policy by focusing on reducing production cost, ordering semi-automatic machines for particle board furniture production process more than before to reduce costs of employees in production process, trading employees to have skills and expertise in production to reduce loss and having a policy to control expenses in production process. The result from exercising policies started to be clear and consequential in 2017. In addition, in 2017, material cost did really matter such as particle board with reducing cost.

When considering net profit margin of the company, the company had net profit margin in 2015, 2016 and 2017 at 5.17%, 4.66% and 5.1% accounted for net profit margin value of 70.17 million Baht, 65.01 million Baht and 66.74 million Baht, respectively. The net profit of year 2017 was divided as a part of large companies for 73.05 million Baht and a part of equity with no controlling authority in amount of -6.30 million Baht.

In overall, profit in 2017 for consolidated financial statement, if considering profit by installments, of large companies would be 73.05 million Baht which increased significantly compared with the same period of last year accounted for 17% as a result of overall operation of furniture business as well as the acknowledgement of profit share from biomass power plant invested through SAFE Energy Holdings Co., Ltd.

Nevertheless, if considering from financial statement of specific business belonging to furniture business, the company can make gross profit and profit by installment at proportion of 14% and 29% respectively as a result of management of sale cost to sale revenue that was decreased than before.

Comprehensive income margin for installments of the company was found that the company had comprehensive income margin for year 2015, 2016 and 2017 for 5.51%, 16.23% and 4.51% accounted for value of comprehensive income statement of 74.83 million Baht, 226.35 million Baht and 66.74 million Baht, respectively. Comprehensive income for year 2017 was divided as a part of large companies in amount of 73.05 million Baht and a part of equity without controlling power in amount of -6.30 million Baht.

The cause of significant decrease of comprehensive income in 2017 arose in October 2016 that the company appraised property price according to accounting standard that needs to be appraised in every 5 years leading to the increase of profit from such appraisal for 166.39 million Baht. In 2017, the company had no special list affecting the increase of comprehensive income.

Financial Status Analysis

Asset

Current asset

As of 31 December 2015, 2016 and 2017, the company had value of current asset of 861.96 million Baht, 1,532.73 million Baht and 1,428.27 million Baht, respectively with following details in each particular as follows

Cash and cash equivalent: as of 31 December 2015, 2016 and 2017, the values were 61.10 million Baht, 408.67 million Baht and 106.77 million Baht accounted for proportion to total asset as 4.06%, 17.37% and 3.84%, respectively. Cash decreased significantly in 2017 compared with 2016 as a result of the fact that in 2016, the company issued and offered debenture in value of 500 million Baht in May and money was used to invest in subsidiary and joint venture in 2017.

Accounts receivable – net as of 31 December 2015, 2016 and 2017, net accounts receivable's values were 197.69 million Baht, 203.10 million Baht and 289.44 million Baht accounted for proportion to total asset of 13.12%, 8.62% and 10.40 % respectively. The accounts receivable increased by the rise of sale revenue.

If considering the change in accounts receivable, it was found that in overall, the company had increasing account receivable which is in line with the increase of sale revenue. furthermore, in 2017, the Company has sales from retail shop and dealers more and with the behaviors of these customers, it would take long time to claim debts. of considering ability of debt collection, the company had average debt collection time in 2015, 2016 and 2017 for 48.28 days, 53.25 days and 61.95 days, respectively. However, the Company realized that it should minimize risk from debt collection in customer group of dealer with sale team and accounting team to plan about monitoring debt collection closely.

As of 31 December 2017, the Company had accounts receivable- net for 289.44 million Baht divided as account receivable - related company for 5.93 million Baht from sale of furniture and foil paper for furniture production to the relevant companies for 25.10 Baht including Index Inter Fern Co., Ltd and Index Living Mall Co., Ltd, which are the companies with a director as spouse of Mr. Arak Suksawat, a shareholder, director, authorized director and executive of the Company and account receivable- other companies for 283.51 million Baht. Value of account receivable about 72.73% was in a group of account receivable that has not reached term of payment. Currently, customers the company considered to give credit term will be modern trade and previously, the customer group did not have problems about debt collection. For dealers as a group of wholesale and retail shops nationwide, the company will plan to collect and claim debt settlement closely. As to foreign customers, the company has determined conditions of payment as L/C at sight or immediate transfer (T/T) before shipment date, which will cause no problems of debt payment.

Outstanding debt term information as of 31 December 2017 are as following details

<i>Value of accounts receivable</i>		
Related companies		
Not reaching payment term	4.10	69.16%
Outstanding		
- Not over 3 months	1.82	30.63%
- Between 3 - 6 months	0.00	0.00%
- Between 7 - 12 months	0.00	0.00%
- More than 12 months	<u>0.01</u>	<u>0.22%</u>
Total account receivable	<u>5.93</u>	<u>100.00%</u>
Other companies - Net		
Not reaching payment term	206.21	72.73%
Outstanding		
- Not over 3 months	59.43	20.96%
- 3-6 months	8.67	3.06%
- 7-12 months	5.75	2.03%
- More than 12 months	5.87	2.07%
Total account receivable	<u>285.92</u>	<u>100.85%</u>
Deduct allowance for doubtful account	<u>-2.41</u>	<u>-0.85%</u>
Total accounts receivable	<u>283.51</u>	<u>100.00%</u>

The company has stipulated policy of setting allowance for doubtful account by considering statistical data about collecting debts from past customers which is suitable with business operation of the Company. the company has determined a policy to trace debtors to settle debts within credit term as follows

Debtor from the due date of payment	Rate of allowance for doubtful account of net remaining accounts receivable
from 12 months	100% (only debtors with indication of not receiving money)
from 24 months	100%

As of 31 December 2017, the Company discounted accounts receivable for 150.58 million Baht for two financial institutions within credit amount of 275 million Baht. As of 31 December 2017, the financial institution that supported credit amount from factoring had rights to recourse for 115.70 million Baht (amount is pending for charging from account receivables factored by the company to the financial institution). Debts are shown in “creditor from selling rights of claiming accounts receivable” in requesting support of credit amount for factoring debtors. the company had no need to provide assets as collateral for this type of credit amount and it would be advantageous to the company in term of no burden in securities as collateral and it is to strengthen financial liquidity of the company. in case at any time, the outstanding is full of overdraft account (OD), the Company could use factoring credit to promote liquidity in that time.

- Inventory–Net as of 31 December 2015, 2016 and 2017, had value of 578.63 million Baht, 756.80 million Baht and 998.62 million Baht accounted for proportion to total asset at 38.42%, 32.10% and 35.89%, respectively.

Inventories of the company included materials for production, ongoing products and ready-made products stocked for distributions including furniture imported from abroad and ordered in the country. sale growth from retail and wholesale shops in the country grew significantly leading to the fact that need to stock products for delivery by purchase orders increased accordingly. in addition, it include product stocks of the subsidiary, ECF Holdings Co., Ltd which currently opens Can Do Shop in form of distributing products in one price in 3 branches. This resulted in the increase of ready-made product stock in 2017. if considering the past, we could see that values of inventories increased by sale volume that rises continuously. With the increase of sale volume, the Company needs to plan about ordering raw materials and storing inventories to be sufficient to needs and it shall prevent problems of raw material shortage for production to be distributed to customers.

For product manufacturing and distributing to foreign customers by orders (Made to order) and modern trade customers in the country, it is mostly production of particle board furniture that the company has condition to produce ready-made products for stocking to be delivered. The foreign customers and modern trade have to notify volume of product delivery that the Company has produced at a time. the company need to stock sufficient products and control punctual product delivery. in 2017, value of inventories of the company mostly included ongoing products for 58.70% of remaining-net value of inventory or 586.21 million Baht. it increased from the value as of 31 December 2016 which was 446.30 million Baht. it is the period the Company is producing goods to support delivery by orders of foreign customers and modern trade followed by ready-made products accounted for 30.16% of inventory’s value in amount of 301.14 million Baht. it increased from value as of 31 December 2016 which was 217.80 million Baht.

If considering average product sale term (calculating based on inventory - ready-made product excluding ongoing product, goods in transit and raw materials for production in 2015, 2016 and 2017, it was found that the company had average product sale term at 60.18 days, 60.18 days, 71.20 days, and 93.02 days, respectively.) If considering overview from average product sale term since 2015 until present, it is obvious that number of day increased continuously as a result of the fact that the company had high volume of ready - made product stock, which partly was caused by the expansion of sale revenue and adjustment of sale expansion strategy in retail and wholesale shops nationwide. Therefore, the Company had to order products to support growth of orders of this customer group. Moreover, it included product stock of retail shops “Can Do” that opens for 3 branches at this moment.

Speaking of any policies regarding inventories, the company has determine policy of allowance for obsolete inventories and it started to use policy of setting allowance for obsolete inventory and slow movement by considering from products with age more than 3 years, product condition and past experiences. It estimated allowance for obsolete inventory and slow movement at 5% of product values. if the products are stocked more than 4 years, the allowance for obsolete inventory will be 50% of received product value. In addition, the Company has products categorized as pending ready-made products in storage with allowance for obsolete inventory at 20% of received product value.

In past years, the Company has focused on following policy of inspecting and following up inventory movement continuously. if a product has slow movement or is left from delivery, the Company will solve the problem by providing sale promotion to remove products. As of 31 December 2017, the company has determined allowance for obsolete inventory and slow movement at 3.06 million Baht

Non-current asset

As of 31 December 2015, 2016 and 2017, the company’s non-current asset’s values were 644.24 million Baht, 824.55 million Baht and 1,354.50 million Baht, respectively with following details in subject matters

- Investment in joint venture recorded by net equity as of 31 December 2016 and 2017 had value of 8.00 million Baht and 474.69 million Baht accounted for proportion to total asset at 0.34%, and 17.06% respectively. the investment started to change in 2nd quarter up to 3rd quarter of 2017 with value in joint venture of 474.69 million Baht. Such amount could be divided as investment in SAFE Energy Holdings Co., Ltd for 157.71 million Baht and investment in Green Earth Power (Thailand) Co., Ltd for 316.98 million Baht.
- land, building and equipment – net as of 31 December 2015, 2016 and 2017, value of land, building and equipment-net was 360.46 million Baht, 351.77 million Baht and 351.09 million Baht accounted for proportion to total asset at 23.93%, 14.92% and 12.62% respectively.

In 2017, the Company invested in subject matters which were machines and equipment for product ewith increase of 3.43 million Baht, vehicles for business operations for 9.90 million baht and machine under installation for 27.32 million Baht without investment in buildings and any premises.

- Surplus from appraisal - net, as of 31 December 2015, 2016 and 2017, values of surplus from appraisal - net were 160.88 million Baht, 347.60 million Baht and 311.92 million baht accounted for proportion to total asset of 10.68%, 14.75% and 11.21%, respectively.

In 2011, the Company used appraised price which was new appraisal method to evaluate the building and machines to acknowledge fair value of properties changing from book value significantly. It exercised market approach to evaluate price of machines and cost approach to evaluate building price. According to accounting standard, the company has to evaluate price of the buildings and machines in every 5 years. In 2016 during October- November, the company has appraised the price and it came with profit from appraisal increasing for 166.39 million Baht.

Total asset

As of 31 December 2015, 2016 and 2017, the Company had total asset's values of 1,506.20 million Baht, 2,357.28 million Baht and 2,782.77 million baht, respectively.

Main reason why total asset increased significantly in 2017 is the increase of inventory and investment in joint venture, which rises significantly.

Liquidity

The company had liquidity rate as of 31 December 2015, 2016 and 2017 for 0.94 time, 1.42 time and 0.84 time, respectively. Ratio of liquidity is made from current asset to current liability. If considering liquidity ratio of the company, it was found that in 2017, it decreased significantly as a result of the increase of current liability from as of 31 December 2016 from 1,076.24 million Baht to 1,695.06 million Baht. It rose significantly from the adjustment of debenture- net from this part being in non-current liability to current liability, which will reach the term not over 1 year or within February 2018. Therefore, the expansion of current liability from debenture led to the increase of liquidity ratio significantly as of 31 December 2017.

In addition, if considering quick liquidity ratio, we could find that the company had quick liquidity ratio as of 31 December 2015, 2016 and 2017 for 0.28 times, 0.64 times, and 0.23 times, respectively. such ratio is a result of decrease of cash and cash equivalent as of 31 December 2017 from 408.67 million Bht as of 31 December 2016 to 106.77 million Baht as of 31 December 2017 together with the increase of current liability with same reason as increase of liquidity ratio.

Liquidity

Current liquidity

As of 31 December 2015, 2016 and 2017, the Company had values of current liquidity at 918.11 million Baht, 1,076.24 million Baht and 1,695.06 million Baht respectively with following details in subject matter

- Overdraft and short-term loan from financial institutions as of 31 December 2015, 2016 and 2017 were valued of 540.24 million Baht, 672.87 million Baht and 431.77 million Baht accounted for proportion to liability and shareholder's equity for 35.87%, 28.54% and 15.52% respectively. The overdraft and short-term loan from financial institutions were used as current capital for business operation of the company. The reason why it decreased significantly in 2017 was that the company managed with financial cost by spending money from debenture issuance, short-term loan from financial institutions from individuals and other businesses as well as cash from exercising right to transform right certificate of both ECF-W1 and ECF-W2 to settle debts of overdraft and short-term loan from financial institutions with higher financial capital.

- Accounts payable: as of 31 December 2015, 2016 and 2017, its values were 180.09 million Baht, 177.83 million Baht and 199.73 million Baht respectively accounted for proportion to liability and shareholder's equity for 11.96%, 7.54% and 7.18% respectively. The company had values of account payable from ordering raw materials for production process to support orders in furniture business increasingly as well as ordering ready-made furniture from domestic and international manufacturers. Previously, the Company had average time of debt payback in 2015, 2016 and 2017 for 57.80 days, 65.52 days and 67.68 days, respectively. Debt settlement is subject to the policy of collection from accounts receivable of the Company.
- Short-term loan from individuals and other businesses as of 31 December 2017 had value of 279.64 million Baht accounted for proportion to debts and shareholder's equity for 10.05%. Such list is an alternative of providing loan sources with more interesting interest rate received from the financial institutions.
- Debenture due in one year as of 31 December 2017 had value of 499.88 million Baht accounted for proportion to debts and shareholder's equity of 17.96%, which was a part that will reach the term on 26 February 2018.

Non-current liability

As of 31 December 2015, 2016 and 2017, the Company had non-current liability in amount of 134.44 million Baht, 621.95 million Baht and 58.67 million Baht respectively with following major details

- Debenture as of 31 December 2016 and 2017 had value of 498.31 million Baht and 0.00 million Baht, respectively. In 2016, the Company issued and offered debentures in May in amount of 500 million Baht deducted with directly related expenses for 1.69 million Baht until 2017; such list was categorized as current liability because debenture consisted of term of redemption within one year.
- Long-term loan – net as of 31 December 2015, 2016 and 2017 was valued of 114.36 million Baht, 67.17 million Baht and 6.59 million Baht, respectively accounted for proportion to debt and shareholder's equity for 7.59%, 2.85% and 0.24%. Long-term loan decreased continuously due to debt settlement.

Total Liabilities

As of 31 December 2015, 2016 and 2017, the Company had total liabilities in amount of 1,052.54 million Baht, 1,698.19 million Baht and 1,753.73 million Baht, respectively.

The company had total liabilities as of 31 December 2017 slightly increased compared with as of 31 December 2016 in amount of 55.55 million Baht. Nevertheless, the Company had debt to shareholder's equity ratio for 1.70 times, which decreased from as of 31 December 2016, which has such ratio of 2.58 times.

Shareholder's equities

As of 31 December 2015, 2016 and 2017, the Company had values of shareholder's equities in amount of 453.66 million Baht, 659.09 million Baht and 1,029.03 million Baht, respectively.

The shareholder's equities contains following major details

- Authorized capital issued and paid as of 31 December 2015, 2016 and 2017 was 137.55 million Baht (from authorized capital of 195 million Baht), 142.21 million Baht (from authorized capital of 195 million Baht) and 207.50 million Baht (from authorized capital of 354.14 million Baht, respectively. As of 31 December 2017, the Company had authorized capital issued and paid in amount of 207.50 million baht divided as ordinary shares for 830,007,452 shares with par value of 0.25 Baht according to consolidated financial statements of the Company accounted for 7.46% to debt and shareholder's equity. the remaining authorized capital was reserved to support the issuance and offer of ordinary shares to same shareholders and restricted persons according to capital increase of general mandate for exercising right according to certificate issued to same shareholders for ECF-W2 and ECF-W3.
- Share value surplus: as of 31 December 2015, 2016 and 2017, the company had share value surplus in amount of 113.03 million Baht, 117.69 million Baht and 386.02 million Baht, respectively. In 2017, share value surplus increased significantly as a result of share value surplus from exercising right to transform certificate ECF-W1 expired on 28 July 2017 in price of 0.50 Baht/ share. Exercising right to transform ECF-W2 certificate No. 1/6 on 25 November 2017 in price of 3 Baht/ share included issuance and offer of shares to institutional investors including One Asset Management Co., Ltd for 30 million shares in unit price of 5.58 Baht.
- Cumulative profit - not allocated: as of 31 December 2015, 2016 and 2017, the Company had cumulative profit - not allocated in amount of 245.81 million Baht, 294.97 million Baht and 363.69 million Baht, respectively. As of 31 December 2017, the company had cumulative profit - not allocated as proportion for 13.07% to debt and shareholder's equities. Cumulative profit- not allocated as of 31 December 2017 was partly from the paymney from surplus of appraisal of building and machines tranfered to cumulative profit with no dividend payment. However, after the date in 2017 financial statement ending as of 31 December 2017, the company's board approved it to be proposed in annual general meeting 2018 to consider dividend payment for overall operation in year 2017 in rate of 0.0603 Baht/share in amount of 51.96 million Baht to shareholders. it will be paid from activities with and without investment promotion in amount of 0.0173 Baht/share and 0.0430 Baht/ share, respectively and the dividend payment date is on 24 May 2018.

Cash flow for year ending as of 31 December 2017

Cash inflow (outflow) in operating activities

The Company had subject matters affecting cashflow from operation arising from cash spending to stock more inventories in amount of 239.12 million Baht. In addition, it was originated from the increase of accounts receivable for 86.66 million Baht. Such main events affected the company to have net cash from operations for -123.60 million Baht, which decreased from year 2016, that had cash flow from operation at - 100.85 million Baht.

Net cash inflow (outflow) in investment activities

The Company had net cash outflow in investment activity for 431.94 million Baht and subject matter that occurred 2017 included the spending of cash a investment in joint venture increasingly in amount of 455.19 million Baht. Bank savings with use limits increased for 41.42 million Baht and cash, building and equipment increased for 32.23 million Baht.

Net Cash inflow (outflow) in funding activity

The company has net cash inflow from funding activities in amount of 253.64 million Baht and subject matters arising from the spending of short-term loan from individuals and other companies increased for 279.64 million Baht and short-term loan from individuals and relevant businesses increased for 65 million Baht. Creditors from selling claim rights in account receivables increased for 55.46 million Baht.

As of 31 December 2017, the Company had cash and cash equivalents for 103.77 million Baht, which increased from amount as of 31 December 2015, which was 408.67 million Baht.

If considering from cash cycle, we would find that in 2017, the Company had average sale time of 93.02 days and average debt collection term for 61.95 days and average debt settlement term of 67.68 days. This makes the company to have cash cycle of 87.29 days increasing from 2016, which was 58.93 days. The cash cycle is equal to average sale time plus with average debt, collection time and deducted with average debt settlement time.

Expense for investment

Expense for investment of the company was aimed to invest in building factory, machine and equipment for expanding capacity and enhancing efficiency of production with details of expense for investment as follows.

Table of expenses for investment

	Unit: Million Baht		
	2015	2016	2017
Expense for investment in fixed asset	25.71	37.20	32.75

Observation from auditor for financial statement in 2017 ending as of 31 December 2017

- None -

Factor or event possibly affecting financial status or performance significantly in the future (Forward Looking)

In past 2017, the Company operated main business as a manufacturer and distributor of particleboard furniture and rubber wood furniture. Although in 2017, the company was not affected by impacts on financial status or performance from internal and external factors that could not be controlled such as unfavorable economic condition or exchange rate and others. The Company has never stopped solving this problem as it still seeks opportunity to diversify risks in operating business to more various kinds of business. This is to reduce risks from intense competition of furniture business and it still focuses on price competition. Furthermore, neighboring countries such as Malaysia and Vietnam are still major competitors of Thailand.

Therefore, the anticipation of factors or events that may affect financial status or operation of the company is that the company established a subsidiary which is ECF Power Co., Ltd (ECF-P) in January 2017 to be an investment in alternative energy business apart from investment in Price of Wood Green Energy Co., Ltd (Project or PWGE) which is a biomass power plant in Waeng District, Narathiwat Province with production capacity of 7.5 Megawatt. Safe Energy Holdings Co., Ltd (SAFE) which is an affiliate of the Company (ECF Power Co., Ltd as a subsidiary of the company holding 33.37% shares). Safe holds shares of PWGE for 99.99% and currently it can acknowledge revenue from distributing power commercially from the 3rd quarter of 2017. In 2018, the Company still has a number of projects under construction and it will gradually perceive commercial revenue including following projects.

Biomass Gasification power plant project that SAFE invests in Bina Puree Power (Thailand) Co., Ltd is proportion of 49% for the project with size of 1 Megawatt in 2 projects located in Long District and Sungmen District, Phrae Province. it is anticipated that it will start perceiving revenue from distributing power in 2018.

Solar power plant project in Minbu City, Myanmar with production capacity upon installation of 220 Megawatt that ECF-P invests in Green Earth Power (Thailand) Co., Ltd in proportion of 20% for the first phase with size of 50 Megawatt and it is anticipated to perceive revenue from distributing power within 2018 also.

Nevertheless, during project construction, the company has operating expense including investment expense while such projects have not had commercial revenue. in addition, the Company is in the middle of feasibility study in investing in constructing MDF wood and particle board factory with production capacity of 600-800 cubic meter per day. if the study result is satisfactory for considering rate of return from investment including risk factor, advantages and drawbacks. such project will take about 2 years of construction during feasibility study until the time of construction. The company will have more operating cost and investment expense, which will affect financial status or overall operation of the Company.

**EAST COAST FURNITECH PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES**

**Financial Statements
For the Year Ended December 31, 2017
and Report of Certified Public Accountant**

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REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders and the Board of Directors of East Coast Furnitech Public Company Limited

Opinion

I have audited the consolidated financial statements of East Coast Furnitech Public Company Limited and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders’ equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, I have also audited the separate financial statements of East Coast Furnitech Public Company Limited, which comprise the separate statement of financial position as at December 31, 2017, and the separate statement of comprehensive income, the separate statement of changes in shareholders’ equity and the separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of East Coast Furnitech Public Company Limited and its subsidiaries as at December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended, and the accompanying separate financial statements present fairly, in all material respects, the financial position of East Coast Furnitech Public Company Limited as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and the Separate Financial Statements” section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions together with the ethical requirements that are relevant to my audit of the consolidated financial statements and the separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with such Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements and the separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements and the separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of Certain Investment in Subsidiary in the Separate Financial Statements

Risk description

High competition in the current market outlook for retail shops of sundry goods imported from abroad (the 60-Baht shops), especially on product prices and product variety, triggered direct impact on the salability and profitability of traders in the market. Such situation deteriorated sales and profitability as well as branch expansion as compared to the 2017 plan of the Company's subsidiary, i.e. ECF Holdings Co., Ltd. ("ECF-H") and made ECF-H closed its non-profitable branches in 2017. ECF-H had sales and loss from operations for the year 2017 amounting to approximately Baht 16.1 million and Baht 25.7 million, respectively, and had capital deficiency as at December 31, 2017 of approximately Baht 15.7 million. Such events primarily indicated that the Company's investment in ECF-H, stated at cost of Baht 7.5 million in the separate financial statements, may materially impair that conduct to a significant risk that such investment may be overstated on valuation in the financial statements if compared to its recoverable amount to be known from the results of test and assessment of impairment in which the Company's management shall use their significant judgement, estimates, and assumptions as well as complex information and processes to test and assess whether such investment eventually impair or not.

Significant accounting policies and other information relating to the aforesaid investment were disclosed in Notes 1, 2, 3, and 10 to the financial statements.

Responses to the Risk

I have performed the following key audit procedures as responses to the identified and assessed significant risk in order that such risk shall be managed to appropriate and acceptable level and enable the financial statements to be free from material misstatement:

- Gather understanding and preliminarily assess the use of significant judgement, estimates, and assumptions as well as information and processes with respect of the test and assessment of impairment done by the Company's management.
- Test, assess, and conclude for the reasonableness of the use of significant judgement, estimates, and assumptions as well as information and processes in calculation and determining recoverable amount done by the Company's management.
- Test mathematical accuracy of significant figures with respect of the test and assessment of impairment.
- Review appropriateness and acceptability of the results of management's assessment whether such investment eventually impair, with material amount, as at the end of reporting period or not.

Other Matter

The comparative consolidated financial statements of East Coast Furnitech Public Company Limited and its subsidiaries and the comparative separate financial statements of East Coast Furnitech Public Company Limited for the year ended December 31, 2016 were audited by another auditor in my office, whose report dated February 28, 2017, expressed an unmodified opinion on those statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Registration Statement and the Annual Report, but does not include the consolidated financial statements and the separate financial statements as well as my auditor's report thereon. The aforesaid other information is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated financial statements and the separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements and the separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements and the separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the aforesaid other information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order that they shall acknowledge and arrange the correction on such misstatement as appropriate.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements and the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements and the separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements and the separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the separate financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, the matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements and the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and separate financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements and the separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the separate financial statements, including the disclosures, and whether the consolidated financial statements and the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the separate financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements and the separate financial statements of the current period and are, therefore, the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Mr. Akadet Pliensakul)
Certified Public Accountant
Registration No. 5389

M.R. & ASSOCIATES CO., LTD.
Bangkok
February 27, 2018

AS AT DECEMBER 31, 2017 AND 2016
ASSETS

	Note	In Baht			
		Consolidated		Separate Financial Statements	
		2017	2016	2017	2016
CURRENT ASSETS					
Cash and cash equivalents		106,769,943	408,670,090	87,002,280	355,824,558
Current investment	6	-	75,312,542	-	75,312,542
Trade receivables					
- Related parties	4, 5	5,932,557	8,088,802	14,338,492	15,854,656
- Other parties - net	5	283,511,405	195,015,531	276,276,773	187,897,324
Inventories - net	7	998,616,360	756,795,208	989,817,720	745,572,859
Short-term loans to and interest receivable from related party	4	1,186,043	-	-	-
Loan to other party	8	-	50,000,000	-	50,000,000
Other current assets					
- Value-added tax receivable		7,949,160	11,381,925	5,280,009	8,970,206
- Prepaid expenses		7,716,536	9,706,298	7,575,216	8,024,973
- Other receivables (net of allowance for doubtful accounts of Baht 657,446 in 2017 and 2016)		5,120,432	7,033,557	5,120,432	7,033,557
- Pending input tax		4,982,063	1,338,968	4,937,024	1,256,822
- Accrued interest income		2,622,510	444,509	2,622,510	374,296
- Advances		1,168,657	7,029,451	1,077,917	6,357,496
- Others		2,694,287	1,914,293	2,675,882	1,859,400
Total Current Assets		1,428,269,953	1,532,731,174	1,396,724,255	1,464,338,689
NON-CURRENT ASSETS					
Restricted deposits at banks	9	72,288,793	30,868,111	72,288,793	30,868,111
Investment in subsidiaries accounted for using the cost method	10	-	-	537,951,950	8,499,500
Investment in associates accounted for using the equity method	11	474,692,621	8,003,697	-	-
Investment in held-to-maturity debt securities	12	-	2,000,000	-	2,000,000
Property, plant and equipment - net	13, 15, 20, 21	351,091,692	351,769,776	347,782,360	347,820,612
Asset revaluation surplus - net	13	311,917,805	347,597,630	311,917,805	347,597,630
Intangible assets - net	14	3,115,841	3,332,938	1,380,327	2,374,231
Deferred tax assets	25	3,588,195	3,889,608	3,367,624	3,682,932
Loan to other party	8	50,000,000	-	50,000,000	-
Other non-current assets					
- Advance for share subscription	4, 10, 11	58,397,500	50,000,000	-	50,000,000
- Deposits and guarantees	4, 33	23,266,732	18,412,266	18,261,814	14,275,735
- Others - net	4	6,136,305	8,673,206	2,501,962	4,272,989
Total Non-Current Assets		1,354,495,484	824,547,232	1,345,452,635	811,391,740
TOTAL ASSETS		2,782,765,437	2,357,278,406	2,742,176,890	2,275,730,429

The accompanying notes are an integral part of these financial statements.

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017 AND 2016

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	In Baht			
		Consolidated		Separate Financial Statements	
		2017	2016	2017	2016
CURRENT LIABILITIES					
Bank overdrafts and short-term borrowings					
from financial institutions	9, 13, 15	431,770,902	672,872,559	427,812,822	617,872,559
Factoring payables	5	115,698,907	60,242,911	115,698,907	60,242,911
Trade payables					
- Related party	4	-	192,593	-	192,593
- Other parties		199,725,699	177,637,693	199,390,921	177,193,626
Other payables - related parties	4	1,521,535	1,964,181	1,534,035	1,986,681
Short-term loans from other parties	16	279,638,217	-	254,638,217	-
Current portion of long-term borrowings	13, 20	87,252,825	85,976,548	79,351,553	72,776,549
Current portion of debentures	18	499,883,621	-	499,883,621	-
Current portion of liabilities under hire purchase					
and finance lease agreements	13, 21	5,337,305	10,832,204	5,337,305	10,832,204
Income tax payable		12,259,288	4,244,722	12,020,232	4,242,429
Accrued expenses and other current liabilities	17	61,971,106	62,273,109	60,676,077	60,456,630
Total Current Liabilities		1,695,059,405	1,076,236,520	1,656,343,690	1,005,796,182
NON-CURRENT LIABILITIES					
Long-term borrowings - net	13, 20	6,593,088	67,167,804	1,657,572	57,748,013
Debentures - net	18	-	498,310,345	-	498,310,345
Liabilities under hire purchase and finance lease					
agreements - net	13, 21	5,514,174	3,974,604	5,514,174	3,974,604
Deferred gain on sales and leaseback	13, 21	11,972	79,674	11,972	79,674
Deferred tax liabilities	13, 25	40,206,970	46,497,663	40,206,970	46,497,663
Liability for post-employment benefits	19	6,345,868	5,920,461	6,345,868	5,920,461
Total Non-Current Liabilities		58,672,072	621,950,551	53,736,556	612,530,760
Total Liabilities		1,753,731,477	1,698,187,071	1,710,080,246	1,618,326,942

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017 AND 2016

LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)

	Note	In Baht			
		Consolidated		Separate Financial Statements	
		2017	2016	2017	2016
SHAREHOLDERS' EQUITY					
Authorized share capital - 1,416,549,079 common shares in 2017 and 780,000,000 common shares in 2016, Baht 0.25 par value	22	354,137,269	195,000,000	354,137,269	195,000,000
Issued and paid-up share capital - 830,007,452 common shares in 2017, and 568,826,050 common shares in 2016, Baht 0.25 par value	22	207,501,863	142,206,513	207,501,863	142,206,513
Premium on shares	22	386,023,910	117,689,394	386,023,910	117,689,394
Retained earnings					
- Appropriated for legal reserve	23	23,100,000	19,500,000	23,100,000	19,500,000
- Unappropriated		363,686,363	294,967,124	361,378,553	294,211,474
Total		980,312,136	574,363,031	978,004,326	573,607,381
Other components of equity		52,638,248	82,342,036	54,092,318	83,796,106
Equity attributable to Owners of the Parent		1,032,950,384	656,705,067	1,032,096,644	657,403,487
Non-controlling interests		(3,916,424)	2,386,268	-	-
Total Shareholders' Equity		1,029,033,960	659,091,335	1,032,096,644	657,403,487
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		2,782,765,437	2,357,278,406	2,742,176,890	2,275,730,429

The accompanying notes are an integral part of these financial statements.

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	Note	In Baht			
		Consolidated		Separate Financial Statements	
		2017	2016	2017	2016
REVENUES					
Net sales	4	1,444,623,275	1,370,779,827	1,427,661,186	1,354,413,310
Other income	4, 21	34,060,608	21,707,908	31,652,654	21,334,777
Total Revenues		1,478,683,883	1,392,487,735	1,459,313,840	1,375,748,087
EXPENSES					
Cost of sales	4, 7	1,004,202,559	983,265,209	993,188,364	974,958,520
Distribution costs	4, 34	156,622,676	148,733,271	152,052,899	144,298,795
Administrative expenses	4, 13, 14, 34	179,551,659	165,596,378	154,759,474	143,873,985
Loss (Gain) on exchange rate		755,769	(2,420,473)	768,439	(2,257,418)
Finance costs	4, 21	78,656,697	54,429,589	75,625,731	48,873,981
Total Expenses		1,419,789,360	1,349,603,974	1,376,394,907	1,309,747,863
Share of Profit from Investment in Associates		19,500,000	32,832,113	-	-
PROFIT BEFORE INCOME TAX EXPENSE		78,394,523	75,715,874	82,918,933	66,000,224
Income Tax Expense	2, 5, 28	11,651,306	10,709,230	11,425,184	10,639,634
PROFIT FOR THE YEAR		66,743,217	65,006,644	71,493,749	55,360,590

The accompanying notes are an integral part of these financial statements.

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	Note	In Baht			
		Consolidated		Separate Financial Statements	
		2017	2016	2017	2016
Other Comprehensive Income (Loss)					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
- Actuarial loss on remeasurement of liability for post-employment benefits (net of income tax effect by Baht 378,062)	19	-	(1,512,248)	-	(1,512,248)
<i>Item that will be reclassified subsequently to profit or loss</i>					
- Share of other comprehensive income from associate		-	2,952,617	-	-
- Gain on revaluation of assets (net of income tax effect by Baht 41,598,350)	13	-	166,393,399	-	166,393,399
<i>Share of other comprehensive income from associate reclassified to share of profit from investment in associates</i>	11	-	(6,494,908)	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	161,338,860	-	164,881,151
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>66,743,217</u>	<u>226,345,504</u>	<u>71,493,749</u>	<u>220,241,741</u>
Profit (Loss) Attributable to:					
Owners of the parent		73,045,909	62,440,491	71,493,749	55,360,590
Non-controlling interests		(6,302,692)	2,566,153	-	-
Profit for the Year		<u>66,743,217</u>	<u>65,006,644</u>	<u>71,493,749</u>	<u>55,360,590</u>
Total Comprehensive Income (Loss)					
Attributable to:					
Owners of the parent		73,045,909	224,944,578	71,493,749	220,241,741
Non-controlling interests		(6,302,692)	1,400,926	-	-
Total Comprehensive Income for the Year		<u>66,743,217</u>	<u>226,345,504</u>	<u>71,493,749</u>	<u>220,241,741</u>
Basic Earnings per Share	26	<u>0.109</u>	<u>0.112</u>	<u>0.107</u>	<u>0.099</u>
Diluted Earnings per Share	26	<u>0.093</u>	<u>0.106</u>	<u>0.091</u>	<u>0.094</u>

The accompanying notes are an integral part of these financial statements.

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	In Baht											
	Consolidated											
	Other Components of Equity											
	Issued and Paid-up Share Capital	Premium on Shares	Appropriated for Legal Reserve	Retained Earnings Unappropriated	Revaluation Surplus on Assets - Net	Surplus on Business Combination under Common Control	Share of Other Comprehensive Income from Associate	Less on Change in Proportion of Investment in Subsidiary	Total Other Components of Equity	Equity Attributable to Owners of the Parent	Non-Controlling Interests	Total Shareholders' Equity
Beginning balance as at January 1, 2016	137,547,650	113,030,532	19,500,000	245,814,832	155,509,717	(217,641,795)	2,377,064	-	(59,755,014)	456,138,000	(2,478,728)	453,659,272
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	2,010,000	2,010,000
Change in proportion of investment	-	-	-	-	-	-	-	(1,454,070)	(1,454,070)	(1,454,070)	1,454,070	-
Payment of dividends	-	-	-	(32,241,166)	-	-	-	-	-	(32,241,166)	-	(32,241,166)
Proceeds from increase in share capital	4,658,863	4,658,862	-	-	-	-	-	-	-	9,317,725	-	9,317,725
Transfer to retained earnings	-	-	-	20,465,215	(20,465,215)	-	-	-	(20,465,215)	-	-	-
Actuarial loss on remeasurement	-	-	-	(1,512,248)	-	-	-	-	-	(1,512,248)	-	(1,512,248)
Total comprehensive income for the year	-	-	-	62,440,491	166,393,399	-	(2,377,064)	-	164,016,335	226,456,826	1,400,926	227,857,752
Ending balance as at December 31, 2016	142,206,513	117,689,394	19,500,000	294,967,124	301,437,901	(217,641,795)	-	(1,454,070)	82,342,036	656,703,067	2,386,268	659,091,335
Appropriation for legal reserve	-	-	3,600,000	(3,600,000)	-	-	-	-	-	-	-	-
Payment of dividends	-	-	-	(30,430,458)	-	-	-	-	-	(30,430,458)	-	(30,430,458)
Proceeds from increase in share capital	65,295,350	268,334,516	-	-	-	-	-	-	-	333,629,866	-	333,629,866
Transfer to retained earnings	-	-	-	29,703,788	(29,703,788)	-	-	-	(29,703,788)	-	-	-
Total comprehensive income for the year	-	-	-	73,045,909	-	-	-	-	-	73,045,909	(6,302,692)	66,743,217
Ending balance as at December 31, 2017	207,501,863	386,023,910	23,100,000	363,686,363	271,734,113	(217,641,795)	-	(1,454,070)	52,638,248	1,032,950,384	(3,916,424)	1,029,033,960

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	In Baht												
	Separate Financial Statements												
	Note	Issued and Paid-up Share Capital	Premium on Shares	Retained Earnings			Other Components of Equity						
				Appropriated for Legal Reserve	Unappropriated	Total	Revaluation Surplus on Assets - Net	Surplus on Combination under Common Control	Total Other Components of Equity	Total Shareholders' Equity			
Beginning balance as at January 1, 2016		137,547,650	113,030,532	19,500,000	252,139,083	522,217,265	155,509,717	(217,641,795)	(62,132,078)	460,085,187			
Payment of dividends	27	-	-	-	(32,241,166)	(32,241,166)	-	-	-	(32,241,166)			
Proceeds from increase in share capital	22	4,658,863	4,658,862	-	-	9,317,725	-	-	-	9,317,725			
Transfer to retained earnings		-	-	-	20,465,215	20,465,215	(20,465,215)	-	(20,465,215)	-			
Actuarial loss on remeasurement	19	-	-	-	(1,512,248)	(1,512,248)	-	-	-	(1,512,248)			
Total comprehensive income for the year		-	-	-	55,360,590	55,360,590	166,393,399	-	166,393,399	221,753,989			
Ending balance as at December 31, 2016		142,206,513	117,689,394	19,500,000	294,211,474	573,607,381	301,437,901	(217,641,795)	83,796,106	657,403,487			
Payment of dividends	27	-	-	-	(30,430,458)	(30,430,458)	-	-	-	(30,430,458)			
Appropriation for legal reserve	23	-	-	3,600,000	(3,600,000)	-	-	-	-	-			
Proceeds from increase in share capital	22	65,295,350	268,334,516	-	-	333,629,866	-	-	-	333,629,866			
Transfer to retained earnings		-	-	-	29,703,788	29,703,788	(29,703,788)	-	(29,703,788)	-			
Total comprehensive income for the year		-	-	-	71,493,749	71,493,749	-	-	-	71,493,749			
Ending balance as at December 31, 2017		207,501,863	386,023,910	23,100,000	361,378,553	978,004,326	271,734,113	(217,641,795)	54,092,318	1,032,096,644			

The accompanying notes are an integral part of these financial statements.

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	In Baht			
	Consolidated		Separate Financial Statements	
	2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax expense	78,394,523	75,715,874	82,918,933	66,000,224
Adjustments				
Depreciation and amortization	85,137,081	71,458,406	81,723,747	68,694,695
Increase in allowance for doubtful accounts	207,578	287,099	138,100	623,616
Expenses on post-employment benefits	425,407	650,215	425,407	650,215
Decrease in allowance for diminution in value of obsolete and slow-moving inventories	(2,702,743)	(1,620,802)	(2,702,743)	(1,620,802)
Share of profit from investment in associates	(19,500,000)	(32,832,113)	-	-
Unrealized gain on valuation of fair value of derivatives	(14,197)	(24,509)	(14,197)	(24,509)
Unrealized loss on exchange rate	63,002	45,004	63,002	47,390
Gain on sales of machinery and equipment	(1,152,770)	(49,039)	(1,141,906)	(49,039)
Gain on sales of current investment	(210,627)	-	(210,627)	-
Unrealized gain on valuation of fair value of current investment	-	(254,361)	-	(254,361)
Loss on impairment of buildings and machinery	-	5,459,343	-	5,459,343
Interest income	(15,409,088)	(9,286,580)	(15,175,290)	(9,256,828)
Interest expense	78,656,697	54,429,589	75,625,731	48,873,981
Decrease (increase) in operating assets				
Trade receivables	(86,659,794)	(5,030,529)	(87,113,973)	(4,649,361)
Inventories	(239,118,409)	(176,576,511)	(241,542,118)	(171,718,510)
Other current assets	6,075,269	(11,923,329)	5,030,031	(9,252,009)
Other non-current assets	(15,746,140)	(57,771,637)	(4,869,468)	(54,021,553)
Increase (decrease) in operating liabilities				
Trade payables	21,890,541	(2,278,698)	21,999,831	(2,593,167)
Other payables - related parties	(442,646)	(75,958)	(452,646)	(84,564)
Accrued expenses and other current liabilities	(3,867,852)	4,230,736	(3,349,726)	9,272,716
Cash paid from operating activities	(113,974,168)	(85,447,800)	(88,647,912)	(53,902,523)
Income tax paid	(9,626,020)	(15,402,466)	(9,622,766)	(15,402,466)
Net Cash Used in Operating Activities	(123,600,188)	(100,850,266)	(98,270,678)	(69,304,989)

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	In Baht			
	Consolidated		Separate Financial Statement	
	2017	2016	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in restricted deposits at banks	(41,420,682)	(266,678)	(41,420,682)	(266,678)
Increase in short-term loans to related parties	(1,160,605)	-	(7,000,000)	(13,500,000)
Collections on short-term loans to related parties	-	-	7,000,000	17,407,755
Decrease (increase) in current investment	75,523,169	(75,058,181)	75,523,169	(75,058,181)
Increase in investment in subsidiaries	-	-	(529,452,450)	(6,990,000)
Increase in investment in associates	(455,192,621)	(8,500,000)	-	-
Proceeds from return of share capital from associates	8,003,697	69,730,285	-	-
Decrease in advances for share subscription to subsidiary	-	-	50,000,000	-
Additions to plant and equipment	(32,228,840)	(35,231,406)	(31,306,579)	(31,736,008)
Additions to intangible assets	(527,300)	(1,966,299)	(28,700)	(1,002,300)
Proceeds from sales of equipment	1,332,281	1,028,037	1,074,206	1,028,037
Proceeds from sales of investment in debt securities prior to maturity	2,000,000	-	2,000,000	-
Dividends received	-	20,951,425	-	-
Interest received	11,727,960	11,022,906	11,449,388	12,141,341
Increase in loans to other party	-	(50,000,000)	-	(50,000,000)
Net Cash Used in Investing Activities	(431,942,941)	(68,289,911)	(462,161,648)	(147,976,034)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in bank overdrafts and short-term borrowings from financial institutions	(241,064,182)	132,561,148	(190,022,262)	137,561,148
Increase in factoring payables	55,455,996	9,462,878	55,455,996	9,462,878
Increase in short-term loans from other parties	279,638,217	-	254,638,217	-
Increase in short-term loans from related parties	65,000,000	-	131,000,000	50,000,000
Repayments to short-term loans from related parties	(65,000,000)	(10,500,000)	(131,000,000)	(50,000,000)
Decrease in liabilities under hire purchase and finance lease agreements	(11,255,002)	(12,469,834)	(11,255,002)	(12,469,834)
Increase in long-term borrowings	20,988,341	38,160,000	18,510,000	16,440,000
Repayments of long-term borrowings	(80,286,780)	(62,784,292)	(68,025,437)	(63,684,082)
Issuance of debentures	-	500,000,000	-	500,000,000
Debenture issuance costs	-	(2,625,000)	-	(2,625,000)
Proceeds from increase in share capital	333,629,866	9,317,725	333,629,866	9,317,725
Increase in non-controlling interests	-	2,010,000	-	-
Dividends paid	(30,430,458)	(32,241,166)	(30,430,458)	(32,241,166)
Interest paid	(73,033,016)	(54,178,414)	(70,890,872)	(47,805,339)
Net Cash Provided by Financing Activities	253,642,982	516,713,045	291,610,048	513,956,330

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	In Baht			
	Consolidated		Separate Financial Statement	
	2017	2016	2017	2016
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(301,900,147)	347,572,868	(268,822,278)	296,675,307
Cash and Cash Equivalents at Beginning of Year	408,670,090	61,097,222	355,824,558	59,149,251
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>106,769,943</u>	<u>408,670,090</u>	<u>87,002,280</u>	<u>355,824,558</u>
Supplementary disclosures of cash flow information:				
a. Cash and cash equivalents at end of year				
Cash in hand	483,724	670,176	376,206	450,347
Current accounts at banks	44,067,376	18,289,339	39,169,071	16,963,943
Savings deposits at banks	62,218,843	74,710,575	47,457,003	23,410,268
Short-term fixed deposit at bank	-	30,000,000	-	30,000,000
Short-term investment in bill of exchange	-	285,000,000	-	285,000,000
Total	<u>106,769,943</u>	<u>408,670,090</u>	<u>87,002,280</u>	<u>355,824,558</u>
b. Non-cash transactions				
Purchases of equipment by means of payables	3,722,400	-	3,722,400	-
Purchases of equipment by means of hire purchase and finance lease agreements	7,299,673	4,744,929	7,299,673	4,744,929
Transfer of fixed assets as part of intangible assets	335	-	-	-

The accompanying notes are an integral part of these financial statements.

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements
December 31, 2017 and 2016

1. GENERAL

East Coast Furnitech Public Company Limited (“the Company”), formerly East Coast Furnitech Co., Ltd., was registered as a limited company in Thailand on October 12, 1999. The Company was transformed from being juristic person as a limited company under the Civil and Commercial Code to a limited public company under the Public Limited Companies Act B.E. 2535 on October 18, 2012 and was registered in the Market for Alternative Investment on March 26, 2013. The Company is engaged in manufacturing and sales of self-assembled furniture made from particle board, rubber wood furniture, dried sawn lumbers, laminating papers, and furniture-decorating supplies for domestic and international markets.

The Company’s head office is located at 37/9 Moo 3 Banbung-Klaeng Rd., Tambon Tangkwian, Amphur Klaeng, Rayong 21110. The Company’s total number of branches is 18 which comprise 5 branches located in Nonthaburi, 2 branches in Bangkok and Nakhon Ratchasima, and a branch in Rayong, Pathumthani, Chonburi, Chiangmai, Chachoengsao, Surat Thani, Songkhla, Pattaya and Samut Prakan.

VV-Décor Co., Ltd. (“VVD”), the subsidiary of which shares are held at 99.95% by the Company, was registered a limited company in Thailand on May 11, 2011 and is engaged in sales of laminating papers and furniture-decorating supplies in domestic market. The registered office of the subsidiary is located at 25/28 Moo 12 Tambon Bungkamproy, Amphur Lam Lukka, Pathumthani.

ECF Holdings Co., Ltd. (“ECF-H”), the subsidiary of which shares are held at 75% by the Company, was registered a limited company in Thailand on February 23, 2015 and is engaged in retail shops for sundry goods imported from abroad. The registered office of the subsidiary is located at 37/4 Moo 10 Banbung-Klaeng Rd., Tambon Tangkwian, Amphur Klaeng, Rayong.

ECF Power Co., Ltd. (“ECF-P”), the subsidiary of which shares are held at 99.99% by the Company, was registered a limited company in Thailand on January 16, 2017 and is engaged as holding company in energy business e.g. biomass or solar energy. The registered office of the subsidiary is located at 37/7 Moo 10 Banbung-Klaeng Rd., Tambon Tangkwian, Amphur Klaeng, Rayong (see Note 10).

Planet Board Co., Ltd. (“PNB”), the subsidiary of which shares are held at 99.99% by the Company, was registered a limited company in Thailand on December 19, 2017 and is engaged in manufacturing and sales of wood-base panel, i.e. MDF board and particle board. The registered office of the subsidiary is located at 25/28 Moo 12 Tambon Bungkamproy, Amphur Lam Lukka, Pathumthani (see Note 10).

2. BASIS FOR THE FINANCIAL STATEMENT PREPARATION

The accompanying financial statements are prepared in Thai Baht, which is core functional currency of the Group, and in the Thai language in accordance with the financial reporting standards in Thailand including interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”), applicable rules and regulations of the Securities and Exchange Commission. Accordingly, the accompanying financial statements are intended solely to present the financial position, financial performance, and cash flows in accordance with the financial reporting standards in Thailand.

Except as otherwise disclosed in the significant accounting policies, the accompanying financial statements have been prepared under the historical cost convention.

The consolidated financial statements for the years ended December 31, 2017 and 2016 included the accounts of the Company and its subsidiaries in which the Company has the controlling power or direct / indirect shareholding as follows:

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2017 and 2016

Name of Subsidiaries	Type of Business	Country of Incorporation and Operation	Percentage of Shareholding	
			2017	2016
VV-Décor Co., Ltd.	Sales of laminating papers and furniture- decorating supplies	Thailand	99.95	99.95
ECF Holdings Co., Ltd.	Retail shops for sundry goods imported from abroad	Thailand	75.00	75.00
ECF Power Co., Ltd.	Holding company in energy business	Thailand	99.99	-
Planet Board Co., Ltd	Manufacturing and sales of wood-base panel, i.e. MDF board and particle board	Thailand	99.99	-

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

Starting from January 1, 2017, the Group had adopted Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), Thai Accounting Interpretation (TSIC), and Thai Financial Reporting Interpretation (TFRIC), revised by FAP, which became effective from the accounting period starting on or after January 1, 2017. The aforesaid adoption of revised TAS and TFRS as well as TSIC and TFRIC did not have any material effect on the Group.

Subsequently, FAP issued several Notifications which were announced in the Royal Gazette in September 2017 regarding the revision of aforesaid TAS and TFRS as well as TSIC and TFRIC with effective from the accounting period starting on or after January 1, 2018 whereby the Group had not yet adopted in the preparation of the accompanying financial statements and has no policy to early adopt before effective period. Such revised TAS and TFRS as well as TSIC and TFRIC are as follows:

TAS 1 (revised 2017)	Presentation of Financial Statements
TAS 2 (revised 2017)	Inventories
TAS 7 (revised 2017)	Statement of Cash Flows
TAS 8 (revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2017)	Events after the Reporting Period
TAS 11 (revised 2017)	Construction Contracts
TAS 12 (revised 2017)	Income Taxes
TAS 16 (revised 2017)	Property, Plant and Equipment
TAS 17 (revised 2017)	Leases
TAS 18 (revised 2017)	Revenue
TAS 19 (revised 2017)	Employee Benefits
TAS 20 (revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2017)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2017)	Borrowing Costs
TAS 24 (revised 2017)	Related Party Disclosures
TAS 26 (revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2017)	Separate Financial Statements
TAS 28 (revised 2017)	Investments in Associates and Joint Ventures
TAS 29 (revised 2017)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2017)	Earnings per Share
TAS 34 (revised 2017)	Interim Financial Reporting

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

December 31, 2017 and 2016

TAS 36 (revised 2017)	Impairment of Assets
TAS 37 (revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2017)	Intangible Assets
TAS 40 (revised 2017)	Investment Property
TAS 41 (revised 2017)	Agriculture
TFRS 2 (revised 2017)	Share-based Payment
TFRS 3 (revised 2017)	Business Combinations
TFRS 4 (revised 2017)	Insurance Contracts
TFRS 5 (revised 2017)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2017)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2017)	Operating Segments
TFRS 10 (revised 2017)	Consolidated Financial Statements
TFRS 11 (revised 2017)	Joint Arrangements
TFRS 12 (revised 2017)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2017)	Fair Value Measurement
TSIC 10 (revised 2017)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2017)	Operating Leases - Incentives
TSIC 25 (revised 2017)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2017)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2017)	Service Concession Arrangements: Disclosures
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (revised 2017)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2017)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2017)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2017)	Applying the Restatement Approach under TAS 29 (revised 2017) "Financial Reporting in Hyperinflationary Economies"
TFRIC 10 (revised 2017)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2017)	Service Concession Arrangements
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 14 (revised 2017)	TAS 19 (revised 2017) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2017)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2017)	Transfers of Assets from Customers
TFRIC 20 (revised 2017)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2017)	Levies

Management of the Group has preliminarily assessed and believed that there will be no material effect to the financial statements of the Group upon adoption of the aforesaid revised TAS and TFRS as well as TSIC and TFRIC.

The Company and its subsidiaries disclosed information for the year ended December 31, 2016 for being the comparative information in the financial statements for the year ended December 31, 2017 in the form of corresponding figures.

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

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2017 and 2016

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (“the Group”).

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

Subsidiary is a company controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies as well as the variable returns of a company so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When an entity loses control of a subsidiary, investment retained in the former subsidiary is measured at its fair value while any gain or loss is recognized in the statement of comprehensive income.

Foreign Currencies

Transactions in foreign currencies

Transactions in foreign currencies are translated to Thai Baht at the exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in the statement of comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies which are carried under historical cost convention are translated to Thai Baht at the exchange rates ruling at the dates of the transactions.

Investment in Associates

Investment in associates in the consolidated financial statements is accounted for using the equity method.

Associates are those companies in which the Company has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Company's share of profit or loss of associates, on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Company's share of loss exceeds its interest in any associate, the investment in such associate shall be reduced to nil and recognition of further loss shall be ceased except to the extent that the Company has legal or constructive obligations or consents to settle the obligations on behalf of the associate.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2017 and 2016

Current Investment

Current investment is investment in unit trusts which is held by the Company as trading securities and stated at fair value. Gains or losses arising from changes in the fair value of investment or sales of investment are included as profit or loss in statement of comprehensive income. In case the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold and the part still remained is determined using the weighted average method applied to the carrying amount of the total holding of the investment.

Fair value of unit trusts is determined from the net asset value of mutual fund that issued the particular unit trust which is the Level 1 inputs of the fair value hierarchy.

Use of Estimates

In order to prepare financial statements in conformity with the Thai financial reporting standards, management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant estimates and underlying assumptions used in preparation of these financial statements which may be affected by significant uncertainty are as follows:

- Allowance for doubtful accounts of trade receivables and other receivables
- Net realizable value and allowance for losses on diminution in value of inventories
- Allowance for impairment of plant and equipment
- Useful lives and residual values of building and equipment and intangible assets
- Assumptions used in calculation of liability for post-employment benefits
- Expected periods that deferred tax assets will be realized or deferred tax liabilities will be settled
- Fair values and fair value measurements of financial assets, financial liabilities and financial instruments.

Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at cost include cash on hand and cash at financial institutions. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturity of three months or less and without restriction of use or being collateral and that are subject to a low or an insignificant risk of change in value.

Restricted deposits at banks or being collateral were separately presented as “Restricted deposits at banks” under non-current assets in the statements of financial position.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2017 and 2016

Trade Receivables, Other Receivables, and Allowance for Doubtful Accounts

Trade and other receivables are carried at original invoice amount or at the accrued amount net of allowance for doubtful accounts.

Allowance for doubtful accounts equals to the estimated collection losses that may be incurred in the collection of receivables. The estimated losses are based on historical collection experience coupled with a review of the current status of existing receivables.

Inventories

Inventories are valued at the lower of cost net of allowance for diminution in value of obsolete and slow-moving inventories and net realizable value. Cost is calculated and determined using the First-In, First-Out method.

Costs of inventories comprise the purchase cost, conversion costs, and other costs incurred in bringing the inventories to their present location and condition. In case of own-manufactured inventories and work in process, costs of inventories include the appropriate allocation of production overheads which is based on the normal capacity of production facilities

Net realizable value is the estimate of the selling price in the ordinary course of business less necessary costs to sell.

The Group determines the allowance for diminution in value of obsolete and slow-moving inventories based on the consideration of the inventory condition and the historical experiences.

Investment in Held-to-Maturity Debt Securities

Debt securities that the Company has positive intent and ability to hold to maturity are classified as held-to-maturity debt securities in the statement of financial position. The Company accounts for and presents value for this investment at the amortized cost net of allowance for impairment (if any).

Property, Plant and Equipment

Other fixed assets except land, building and building improvement, and machinery and equipment are stated at cost net of accumulated depreciation and allowance for impairment (if any). When assets are retired or disposed of, their carrying values are eliminated from the accounts and any gain or loss resulting from their retirement or disposal is included in the statement of comprehensive income. Costs of asset dismantlement, removal, and restoration are included as part of asset cost and subject to depreciation.

Land, building and building improvement, and machinery and equipment are stated at the revalued amounts, appraised by independent appraiser, net of accumulated depreciation and allowance for impairment. Revaluation in buildings and machinery is shown as "Asset revaluation surplus" with the corresponding separate accounts under "Shareholders' Equity" in the statements of financial position. When assets are retired or disposed of, their carrying values are eliminated from the accounts and any gain or loss resulting from their retirement or disposal is included in the statement of comprehensive income whereby the related revaluation surplus on assets will be directly transferred to the unappropriated retained earnings.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2017 and 2016

The Group has a policy to reappraise the appraised assets whenever the fair values of such assets materially change from their carrying values or every period of five years. The appraisal value is Level 2 inputs of fair value hierarchy which Cost Approach was used as valuation technique and core information used in evaluation was purchase-sale prices of comparative asset in same / nearby area for land and machinery while core information used in evaluation was the adjusted or depreciated cost which was based on replacement cost of comparative asset in the same or nearby area for building and building improvement.

Depreciation is charged to the statement of comprehensive income on a straight-line method over the useful lives of each significant part of an item of assets. Depreciation methods, residual values, and useful lives are reviewed at each financial year-end, at least, and adjusted if appropriate. In determining the depreciable amount, residual value of particular asset is measured at amount estimated receivable currently for the asset if the asset is already of the age and in the condition expected at the end of its useful life. The useful lives of the assets are as follows:

	<u>No. of Years</u>
Land improvement	5
Building and building improvement	20
Machinery and equipment	3 - 15
Electric system	5
Furniture, fixtures and office equipment	5
Showroom equipment	3
Vehicles	5
Utilities	5

Intangible Assets

Intangible assets are computer programs that are stated at cost net of accumulated amortization and allowance for impairment (if any). Amortization is made on a straight-line method over the useful lives of the assets of 5 years.

Amortization

Amortization is charged as part of distribution costs and administrative expenses in the statement of comprehensive income on the straight-line method over the useful life of each type of intangible asset. Intangible assets with an indefinite useful life (if any) are not amortized but are tested for indication of impairment at each reporting date. Amortization methods, residual values, and useful lives are reviewed at least at each financial year-end and adjusted if appropriate.

Decoration Costs of Showrooms

Decoration costs of showrooms presented as non-current assets in the statement of financial position at cost net of accumulated amortization and allowance for impairment (if any). Amortization of decoration costs of showrooms is made over the term of space lease agreements of 3 years.

Impairment of Assets

The carrying amounts of the assets of the Group are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts (the higher of asset's fair value less cost to sell or value in use) shall be estimated and reviewed. The review is made for individual assets or for the cash-generating unit.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2017 and 2016

In case that the carrying value of an asset exceeds its recoverable amount, the Group recognize the impairment loss by reducing the carrying value of the asset to be at its recoverable amount and recording the devaluation in the statements of comprehensive income or reducing the revaluation surplus in assets if those assets were previously revalued. The reversal of the recognized impairment losses are recorded as part of other income or as a revaluation surplus in assets when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased. The reversal of the impairment losses shall not exceed the carrying amount of the asset, net of depreciation or amortization, that would have been determined had no impairment losses been recognized for the asset in prior years. In addition, a reversal of an impairment loss on a revalued asset is recognized in other comprehensive income and increase the revaluation surplus for that asset. However, to the extent that an impairment loss on the same revalued asset was previously recognized in profit or loss in previous years, a reversal of that impairment loss is also recognized in profit or loss and shall not exceed the impairment loss recognized in previous years.

Trade and Other Payables

Trade and other payables are stated at cost.

Finance Lease

Leases or hire purchases of assets which the lessee is transferred all the risks and rewards of ownership and that the lessee intends to exercise the option of the leases to purchase the assets at the expiration of the lease term are classified as finance leases. Finance leases are capitalized for asset and liability at the inception of the lease at the lower of the present value of the minimum lease payments or the fair value of the leased assets. Each lease payment is allocated between the liability and finance charges so as to achieve an effective rate on the finance balance outstanding.

The Group accounts for gain on sales and finance leaseback of asset (selling price is greater than carrying value) as deferred item presented under non-current liabilities in the statement of financial position and recognized as other income in the statement of comprehensive income by the straight-line basis over the lease term. Loss on sales and finance leaseback is immediately recognized as expense in the statement of comprehensive income.

Operating Lease

Leases of assets which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as an expense on the straight-line basis over the lease term.

Employee Benefits*Short-term benefits*

Salaries, wages, bonuses and contributions to social security fund are recognized as an expense upon their occurrences and on an accrual basis.

Post-employment benefits

Obligations on defined contribution plan which is the provident fund are recognized as an expense in the statement of comprehensive income when contribution to the fund on an accrual basis.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2017 and 2016

Obligations on post-employment benefits which are defined benefit plan that will be settled to the employees upon retirement or termination are calculated by estimating the amount of future benefits that employees have earned in return for their service in the prior and current periods. The benefits are discounted using the project unit credit method to determine present value of obligations. The calculation is annually performed or at least every three years by the qualified actuary. Expenses from the liability for post-employment benefits comprise current service cost and interest cost which are recognized as profit or loss whereas actuarial gain/loss on measurement is recognized as other comprehensive income or loss.

Surplus on Business Combination under Common Control

Business combination under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same persons, group of persons, entity, or group of entities both before and after the business combination, and that control is not transitory.

Unrealized gain or loss on internal restructuring of the entities under common control is the difference between the carrying amounts of the obtained assets and the purchase costs of the assets incurred on internal restructuring of the entity of group of entities under common control whereby such purchase of assets is the combination of the entities under the same shareholders and management. Such unrealized gain or loss is presented as “Surplus on business combination under common control” which is separately presented under other components of equity in the statement of financial position. When the assets relating to surplus on business combination under common control are retired or disposed of, the corresponding surplus on business combination under common control is directly transferred to the unappropriated retained earnings.

Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Sales are recognized net of discounts when delivery has taken place and transfer of risks and rewards of ownership to the buyer has been completed.

Service income is recognized when the Company has completely rendered service to the customer and on an accrual basis.

Interest income is recognized on a time proportion basis that reflects the effective yield on the asset.

Other income is recognized on an accrual basis.

Expense Recognition

Expenses are recognized on an accrual basis.

Borrowing Costs

Interest and financial charges on liabilities acquired for construction of building and installation of machinery and equipment is capitalized as part of the cost of the asset. The capitalization of such finance costs is ceased when the construction or installation are completed and ready for their intended use.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2017 and 2016

Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange risk arising from the operating activities. Derivative financial instruments are not used for any trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, they are re-measured at fair value. Gain or loss on re-measurement to fair value is recognized in the statement of comprehensive income.

The fair value of derivative financial instruments is the quoted market price at the statement of financial position date, which is the Level 2 inputs of the fair value hierarchy whereby such price is the present value of the quoted derivative price where market approach was used as valuation technique and core information used in evaluation was the adjusted exchange rates in market to fit for the issued instrument which was computed by bank who was the counterparty.

Provisions

A provision is recognized in the statement of financial position when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Income Tax

Income tax on the profit or loss for the year, which is recognized in the statement of comprehensive income, is current tax and deferred tax.

Current tax

Current tax is the amount of tax payable or recoverable which is calculated from taxable profit or loss for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not recognized for the initial recognition of assets and liabilities that affect neither accounting nor taxable profit to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, at the tax rates that are expected to apply to the period when the deferred tax asset is realized or the tax liability is settled based on tax rates that have been enacted as at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2017 and 2016

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Principal market is the market with the greatest volume and level of activity for the asset or liability. Market participants comprise buyers and sellers in the principal or most advantageous market for the asset or liability whereby market participants are independent of each other, knowledgeable and having a reasonable understanding, able to enter into a transaction for the asset or liability, and willing to enter into a transaction for the asset or liability.

To increase the consistency and comparability in fair value measurements and related disclosures in the financial statements, the fair value hierarchy is categorized into 3 levels with respect of the inputs to valuation techniques used to measure the fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (“Level 1 inputs”), secondary priority to other observable inputs (“Level 2 inputs”), and the lowest priority to unobservable inputs (“Level 3 inputs”).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

4. TRANSACTIONS WITH RELATED PARTIES

Related parties are those parties controlled by the Company or have power control over the Company, directly or indirectly or significant influence, to govern the financial and operating policies of the Company.

Types of relationship of related parties are as follows:

<u>Name of Companies / Persons</u>	<u>Type of Business</u>	<u>Type of Relationship</u>
VV-Décor Co., Ltd.	Sales of laminating papers and furniture-decorating supplies	Subsidiary
ECF Holdings Co., Ltd.	Retailers on sundry goods imported from abroad	Subsidiary
ECF Power Co., Ltd.	Holding company in energy business	Subsidiary
Planet Board Co., Ltd.	Manufacturing and sales of wood-base panel, i.e. MDF board and particle board	Subsidiary
Safe Energy Holdings Co., Ltd.	Holding company in energy business	Associate
Green Earth Power (Thailand) Co., Ltd.	Holding company in energy business	Associate
Prize of Wood Green Energy Co, Ltd.	Manufacturing and sales of electricity generated from biomass fuel	Subsidiary of associate and co-directors
GEP (Myanmar) Company Limited (incorporated and operated in Myanmar)	Manufacturing and sales of electricity generated from solar power	Subsidiary of associate and co-directors
Bina Puri Power (Thailand) Co., Ltd.	Manufacturing and sales of electricity generated from biomass fuel	Subsidiary of associate

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
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<u>Name of Companies / Persons</u>	<u>Type of Business</u>	<u>Type of Relationship</u>
Safe Biomass Co., Ltd.	Wood chip plant for use as fuel for biomass power plant	Subsidiary of associate
Safe Energy Group (Narathiwat 1) Co., Ltd.	Biomass power plant	Associate (see Note 11)
Safe Energy Group (Yala 1) Co., Ltd.	Biomass power plant	Associate (see Note 11)
Safe Energy Group (Pattani) Co., Ltd.	Biomass power plant	Associate (see Note 11)
Safe Energy Group (Songkhla) Co., Ltd.	Biomass power plant	Associate (see Note 11)
East Cost Design Co., Ltd.	Manufacturing and sales of furniture	Co-directors and co-shareholders
East Coast Industry Co., Ltd.	Sales of furniture	Co-directors and co-shareholders
V-Chat Décor Co., Ltd.	Manufacturing and sales of laminating papers	Co-directors and co-shareholders
V-Chat Industry Co., Ltd.	Manufacturing and sales of dried sawn lumbers	Co-directors and co-shareholders
Index Living Mall Co., Ltd.	Sales of furniture	Directors are spouse
Index Interfurn Co., Ltd.	Manufacturing and sales of furniture	Directors are spouse
Khun Wallop Suksawad	-	Shareholder and director (key management)
Khun Varaporn Suksawad	-	Shareholder and director (key management)
Khun Chalee Suksawad	-	Shareholder and director (key management)
Khun Arak Suksawad	-	Shareholder and director (key management)
Khun Tippawan Suksawad	-	Shareholder and director (key management)
General Terdsak Marrome	-	Director (key management)
Khun Monteee Socratianurak	-	Director (key management)
Khun Songklod Jarusombuti	-	Director (key management)
Khun Ekarin Vasanasong	-	Director (key management)

Key management are persons having authority and responsibility for planning, directing and controlling the activities of the entity, either directly or indirectly, including the Company's director (whether as executive or otherwise).

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2017 and 2016

Pricing policies for transactions with related parties are as follows:

Type of Transaction	Pricing Policies
Sales of products	Prices approximated market prices
Interest income / interest expense	MOR
Space rental income	Mutually agreed price
Purchases of raw materials / inventories	Prices approximated market prices
Advertising and sales promotions	Prices approximated market prices
Showroom rental and service charges	Mutually agreed price
Decoration costs of showrooms	Mutually agreed price
Key management's remunerations	Mutually agreed amount
Guarantee of credit facilities by directors	No guarantee charge

Significant transactions with related parties for the years ended December 31, 2017 and 2016 are as follows:

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2017	2016	2017	2016
Sales of products				
Subsidiary	-	-	19,294	22,892
Related companies	25,104	28,038	25,104	28,038
Total	25,104	28,038	44,398	50,930
Interest income				
Subsidiary	-	-	50	110
Associate	25	-	-	-
Total	25	-	50	110
Space rental income				
Subsidiary	-	-	10	8
Purchase of raw materials / inventories				
Subsidiary	-	-	42	-
Related company	1,046	734	1,046	734
Total	1,046	734	1,088	734
Advertising and sales promotions				
Subsidiary	-	-	-	100
Showroom rental and service charges				
Related company	19,918	20,714	19,918	20,714
Decoration costs of showrooms (recorded as other non-current assets)				
Related companies	905	2,430	905	2,430
Interest expense				
Subsidiary	-	-	229	78
Related parties	303	-	290	-
Total	303	-	519	78

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2017 and 2016

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2017	2016	2017	2016
Key management's remunerations				
Short-term benefits	23,426	24,779	23,426	24,779
Post-employment benefits	476	722	476	722
Total	23,902	25,501	23,902	25,501

Significant outstanding balances with related parties as at December 31, 2017 and 2016 are as follows:

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2017	2016	2017	2016
Trade receivables				
Subsidiary	-	-	8,406	7,766
Related companies	5,933	8,089	5,932	8,089
Total	5,933	8,089	14,338	15,855
Short-term loans and interest receivable				
Interest receivable				
Associate	25	-	-	-
Short-term loans				
Associate (interest rate at 5% p.a. and due at call)	1,161	-	-	-
Total	1,186	-	-	-
Advance for share subscription				
Subsidiary	-	-	-	50,000
Associate	58,398	50,000	-	-
Total	58,398	50,000	-	50,000
Deposits / guarantees on rental and services for showrooms				
Related company	4,879	4,925	4,879	4,925
Trade payables				
Related company	-	193	-	193
Other payables				
Subsidiary	-	-	13	23
Related companies	1,522	1,964	1,521	1,964
Total	1,522	1,964	1,534	1,987

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

	Consolidated (In Thousand Baht)			December 31, 2017
	December 31, 2016	Movements during the year		
		Increase	Decrease	
Short-term loans to				
Green Earth Power (Thailand) Co., Ltd.	-	1,161	-	1,161
Short-term loans from				
Directors	-	65,000	65,000	-

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2017 and 2016

	Separate Financial Statement (In Thousand Baht)			December 31, 2017
	December 31, 2016	Movements during the year		
		Increase	Decrease	
Short-term loans to ECF Power Co., Ltd.	-	7,000	7,000	-
Short-term loans from ECF Holdings Co., Ltd.	-	23,000	23,000	-
ECF Power Co., Ltd.	-	45,000	45,000	-
Director	-	63,000	63,000	-
Total	-	131,000	131,000	-

5. TRADE RECEIVABLES

As at December 31, 2017 and 2016, trade receivables classified by outstanding period are as follows:

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2017	2016	2017	2016
<i>Related companies</i>				
Current	4,103	5,075	7,946	10,900
Overdue :				
Not exceeding 3 months	1,817	3,001	6,379	4,942
Over 12 months	13	13	13	13
Total	5,933	8,089	14,338	15,855
<i>Other companies - net</i>				
Current	206,206	157,730	203,831	154,546
Overdue :				
Not exceeding 3 months	59,431	31,037	55,434	27,963
Between 3 months - 6 months	8,667	4,107	9,530	3,768
Between 6 months - 12 months	5,749	1,006	4,492	528
Over 12 months	5,868	3,338	4,297	2,261
Total	285,921	197,218	277,584	189,066
Less Allowance for doubtful accounts	(2,410)	(2,203)	(1,307)	(1,169)
Net	283,511	195,015	276,277	187,897

As at December 31, 2017 and 2016, the Company discounted, under factoring, its trade receivables amounting to approximately Baht 150.58 million and Baht 89.05 million, respectively, with three and two local financial institutions (under credit facilities totalling Baht 275 million and Baht 195 million), respectively, whereby such financial institutions can take recourse action on the Company amounting to approximately Baht 115.70 million and Baht 60.24 million, respectively. The Company presented such amounts of obligation under the recourse action as “Factoring payables” in the statements of financial position.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2017 and 2016

6. CURRENT INVESTMENT

	Consolidated and Separate Financial Statement	
	(In Thousand Baht)	
	2017	2016
Unit trusts of mutual funds - at cost	-	75,058
Add Unrealized gain on valuation of fair value of investment	-	254
Total	-	75,312

7. INVENTORIES - NET

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2017	2016	2017	2016
Finished goods	301,141	217,803	292,343	206,581
Work-in-process	586,205	446,296	586,205	446,296
Raw materials	69,172	50,586	69,172	50,586
Factory supplies	40,720	36,191	40,720	36,191
Inventories in transit	4,434	11,678	4,434	11,678
Total	1,001,672	762,554	992,874	751,332
Less Allowance for diminution in value of obsolete and slow moving inventories	(3,056)	(5,759)	(3,056)	(5,759)
Net	998,616	756,795	989,818	745,573

As at December 31, 2017 and 2016, the written-down amount of cost to net realizable value which was recognized as part of cost of sales in the statements of comprehensive income for the years ended December 31, 2017 and 2016 amounting to approximately Baht 7.2 million and Baht 5.1 million, respectively.

8. 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 December 31, 2017, 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.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2017 and 2016

9. RESTRICTED DEPOSITS AT BANKS

As at December 31, 2017 and 2016, the Company has collateralized its fixed deposits with two local banks and a local bank amounting to approximately Baht 72 million and Baht 30 million, respectively, as guarantees for its short-term loan facilities with such banks.

10. INVESTMENT IN SUBSIDIARY ACCOUNTED FOR USING THE COST METHOD

	Separate Financial Statement					
	Authorized and Paid-up Share Capital (In Thousand Baht)		Percentage of Shareholding		Cost of Investment (In Thousand Baht)	
	2017	2016	2017	2016	2017	2016
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.	522,653	-	99.99	-	516,952	-
Planet Board Co., Ltd.	50,000	-	99.99	-	12,500	-
Total					537,952	8,500

During 2017 and 2016, the subsidiaries did not declare any dividends to the shareholders.

On January 12, 2017, the Board of Directors passed the resolution to approve the establishment of an additional subsidiary i.e. ECF-P in order to engage as holding company in other entities doing the energy business e.g. biomass power or solar power. ECF-P was incorporated on January 16, 2017 with authorized share capital of Baht 1 million (divided into 100,000 common shares, Baht 10 par value) whereby the Company has a percentage of shareholding in ECF-P of 99.99% whereas the rest is held by five shareholders and directors of the Company. Subsequently, at the extraordinary shareholders' meeting of ECF-P on March 13, 2017, the shareholders passed the resolution to approve the increase in authorized share capital of ECF-P amounting to Baht 141.7 million (from Baht 1 million to Baht 142.7 million) which was the increase in share capital with respect to the existing proportion of the shareholders. ECF-P fully called for this share subscription in April 2017 and registered this increase in share capital with the Ministry of Commerce on April 20, 2017.

Subsequently, at the extraordinary shareholders' meeting of ECF-P on July 3, 2017, the shareholders passed the resolution to approve the increase in authorized share capital of ECF-P amounting to Baht 380 million (from approximately Baht 142.7 million to Baht 522.7 million). ECF-P increased its share capital and registered this increase in share capital with the Ministry of Commerce on July 7, 2017.

During 2017, ECF-P has used its 30,907 share certificates (60% of the entire shares invested) of investment in Green Earth Power (Thailand) Co., Ltd. (see Note 11) as the guarantee for payments of construction costs of the solar power plant project in Myanmar of GEP (Myanmar) Company Limited to two subsidiaries of Vintage Engineering Public Company Limited who are the construction contractors. This matter was made with respect to the payment condition of such project that payments shall be made after the completion of construction works.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2017 and 2016

In addition, at the Board of Directors' meeting on October 27, 2017, the Board of Directors passed the resolution to approve the establishment of a new subsidiary (the fourth subsidiary) i.e. PNB in order to engage in manufacturing and sales of wood-based panel, i.e. MDF board and particle board, with production capacity of 600-800 cubic meter per day. PNB was incorporated on December 19, 2017 with authorized share capital of Baht 50 million (divided into 10,000,000 common shares, Baht 5 par value) whereby the Company has percentage of shareholding in PNB of 99.99% whereas the rest is held by five shareholders and directors of the Company.

Subsequently, 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 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.

Significant financial information in the financial statements for the years 2017 and 2016 of ECF-H which included the non-controlling interest at the proportion of 25% is as follows:

	In Million Baht	
	2017	2016
Other current assets	13.9	67.8
Other non-current assets	13.7	22.0
Other current liabilities	38.3	69.5
Other non-current liabilities	5.0	10.3
Shareholders' equity (capital deficiency)	(15.7)	10.0
Sales of goods	16.1	15.3
Dividends and income from liquidation of associate	-	33.6
Other income	0.3	0.4
Profit (loss) for the year	(25.7)	9.9
Total comprehensive income (loss) for the year	(25.7)	9.9

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

December 31, 2017 and 2016

11. INVESTMENT IN ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

Investment in associates presented in the consolidated statements of financial position as at December 31, 2017 and 2016 has detail as follows:

	Percentage of Shareholding by Subsidiaries		Authorized Share Capital		Consolidated (In Thousand Baht)			
	2017	2016	2017	2016	Investment Value		Dividends	
					2017	2016	2017	2016
Safe Energy Group (Narathiwat 1) Co., Ltd.	-	25.00	-	20,000	-	4,710	-	-
Safe Energy Group (Yala 1) Co., Ltd.	-	20.00	-	5,000	-	1,025	-	-
Safe Energy Group (Pattani) Co., Ltd.	-	25.00	-	5,000	-	1,282	-	-
Safe Energy Group (Songkhla) Co., Ltd.	-	25.00	-	5,000	-	987	-	-
Safe Energy Holding Co., Ltd.	33.37	-	426,000	-	157,713	-	-	-
Green Earth Power (Thailand) Co., Ltd.	20.00	-	125,756	-	316,980	-	-	-
Total investment in associates					<u>474,693</u>	<u>8,004</u>		

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
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In February 2017, ECF-P has invested in its associate, i.e. Safe Energy Holding Company Limited (“SAFE”), which has been established with initial share capital of Baht 1 million as holding company in other entities doing the biomass power plants and as the jointly invested company between the Group and other non-related group of companies. ECF-P has invested in SAFE with percentage of shareholding of 33.37% while the rest is held by other group of companies of 33.37% and major shareholders of Prize of Wood Green Energy Company Limited (“PWGE”) of 33.26%.

On March 13, 2017, the Board of directors passed the resolution to approve SAFE to invest in the biomass power plant project of PWGE, located at Amphur Waeng of Narathiwat province. SAFE has invested in PWGE with 99.99% of the authorized share capital, representing an investment value of not exceeding Baht 425 million, therefore, PWGE is subsidiary of SAFE.

Subsequently, in June 2017, SAFE increased its share capital by Baht 425 million (from Baht 1 million to Baht 426 million) in order to support the investment project in PWGE. As at December 31, 2017, ECF-P has invested in SAFE amounting to approximately Baht 142.2 million.

On August 11, 2017, the extraordinary shareholders’ meeting of SAFE passed the resolution to approve the increase in authorized share capital of Baht 115 million (from approximately Baht 426 million to Baht 581 million) and allocated these incremental shares to the shareholders at the existing proportion of investment. As at December 31, 2017, ECF-P paid advance for share subscription to SAFE amounting to Baht 58.4 million whereby SAFE had not yet registered such increase in share capital. SAFE brought such cash advance to invest in Bina Puri Power (Thailand) Co., Ltd. and Safe Biomass Co., Ltd. at the shareholding proportion of 49% and 99.99%, respectively.

In addition, at the Company’s Board of Directors’ meeting on April 3, 2017, the Board of Director passed the resolution to approve ECF-P’s investment in common shares of Green Earth Power (Thailand) Co., Ltd. (“GEP”) by purchase from the major shareholders of GEP in the proportion of 20% of the entire common shares issued by such company with the initial investment value of approximately Baht 310.05 million (U.S. Dollar 9 million). In the future, GEP will increase its share capital to support the investment in construction of power plant and production of the electric power for sales of its subsidiary (100% held by GEP), i.e. GEP (Myanmar) Company Limited (“GEPM”), whereby the project will be separated into 4 phases until reaching full capacity of 220 megawatts. According to such increase in share capital, ECF-P shall additionally invest in the future for its portion amounting to approximately Baht 696.58 million (U.S. Dollar 20.22 million) during 2018 to 2021. GEP is engaged as a holding and management company in the 220-megawatt solar power plant project of GEPM which is located in Minbu province, Myanmar. As at December 31, 2017, ECF-P has invested in GEP amounting to approximately Baht 311.5 million and had commitment from the increase in share capital of GEP in 2017 that will be additionally paid of approximately Baht 12.21 million.

During the three-month period ended March 31, 2017, four associates, i.e. Safe Energy Group (Narathiwat 1) Co., Ltd., Safe Energy Group (Yala 1) Co., Ltd., Safe Energy Group (Pattani) Co., Ltd., and Safe Energy Group (Songkhla) Co., Ltd., were completed their liquidation and registered their liquidation in April 2017 after the registration for cease of their businesses in December 2016 whereby the remaining investments in their share capital were entirely returned to the Company in such period.

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Notes to Financial Statements (Continued)
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Significant financial information in the consolidated financial statements for the year 2017 of GEP and SAFE, which are material to the Group, is as follows:

	In Million Baht	
	GEP	SAFE
Other current assets	175.0	80.6
Other non-current assets	342.8	904.8
Other current liabilities	258.9	346.2
Other non-current liabilities	0.3	166.6
Revenues	100.4	105.9
Profit (loss) for the year	(4.2)	46.5
Total comprehensive income (loss) for the year	(8.5)	46.7
Shareholders' equity	258.6	472.6
The Group's interest at the investment proportion in associates	51.7	157.7
Purchase price of investment in excess of the Group's interest	265.3	-
Carrying amount of investment in which equity method is applied	317.0	157.7

12. INVESTMENT IN HELD-TO-MATURITY DEBT SECURITIES

This account was investment in the non-marketable subordinated debentures of two local banks that will entirely mature in 2022 whereby the banks have an option to early redeem these debentures after the period of five years. These debentures annually pay interest at 4.5% p.a. and 4.375% p.a. The Company had intention to hold these debentures until their maturities or, at least, when the banks early redeem the debentures. The Company purchased these debentures in May and December 2012 at cost equivalent to the face value. In 2017, the issuer banks early redeemed the entire debentures.

As at December 31, 2016, fair value of the aforesaid investment amounted to approximately Baht 2.0 million, which was the Level 1 input of the fair value hierarchy.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2017 and 2016

13. PROPERTY, PLANT AND EQUIPMENT - NET

	Consolidated (In Thousand Baht)				Ending Balance as at December 31, 2017
	Beginning Balance as at January 1, 2017	Movements During the Year			
		Addition	Deduction	Transfer	
Cost					
Land	96,636	-	-	-	96,636
Land improvement	8,883	143	-	-	9,026
Building	135,849	-	-	-	135,849
Building improvement	43,134	297	-	721	44,152
Machinery and equipment	338,796	3,428	-	3,014	345,238
Electric system	2,196	-	-	-	2,196
Furniture, fixtures and office equipment	14,028	1,311	6	-	15,333
Furniture, fixtures and Showroom equipment	2,907	848	339	-	3,416
Vehicle	65,574	9,903	748	-	74,729
Utilities	3,897	-	-	-	3,897
Construction in progress and machinery under installation	3,299	27,321	-	(4,070)	26,550
Total Cost	715,199	43,251	1,093	(335)	757,022
Accumulated Depreciation					
Land improvement	7,896	552	-	-	8,448
Building	39,530	6,793	-	-	46,323
Building improvement	11,189	2,545	-	-	13,734
Machinery and equipment	240,472	21,092	-	-	261,564
Electric system	1,971	124	-	-	2,095
Furniture, fixtures and office equipment	7,363	2,365	1	-	9,727
Furniture, fixtures and Showroom equipment	416	686	97	-	1,005
Vehicle	45,368	9,061	747	-	53,682
Utilities	3,765	128	-	-	3,893
Total Accumulated Depreciation	357,970	43,346	845	-	400,471
Allowance for Impairment					
Buildings and building improvement	2,527	-	-	-	2,527
Machinery and equipment	2,932	-	-	-	2,932
Total Allowance for Impairment	5,459	-	-	-	5,459
Net	351,770				351,092

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2017 and 2016

	Separate Financial Statement (In Thousand Baht)				Ending Balance as at December 31, 2017
	Beginning Balance as at January 1, 2017	Movements During the Year			
		Addition	Deduction	Transfer	
Cost					
Land	96,636	-	-	-	96,636
Land improvement	8,883	143	-	-	9,026
Building	135,849	-	-	-	135,849
Building improvement	43,134	297	-	721	44,152
Machinery and equipment	338,144	3,428	-	3,014	344,586
Electric system	2,196	-	-	-	2,196
Furniture, fixtures and office equipment	13,278	1,237	-	-	14,515
Vehicle	65,574	9,903	748	-	74,729
Utilities	3,897	-	-	-	3,897
Construction in progress and machinery under installation	2,964	27,321	-	(3,735)	26,550
Total Cost	710,555	42,329	748	-	752,136
Accumulated Depreciation					
Land improvement	7,896	552	-	-	8,448
Building	39,530	6,793	-	-	46,323
Building improvement	11,189	2,545	-	-	13,734
Machinery and equipment	240,341	20,962	-	-	261,303
Electric system	1,971	124	-	-	2,095
Furniture, fixtures and office equipment	7,215	2,202	-	-	9,417
Vehicle	45,368	9,061	747	-	53,682
Utilities	3,765	128	-	-	3,893
Total Accumulated Depreciation	357,275	42,367	747	-	398,895
Allowance for Impairment					
Buildings and building improvement	2,527	-	-	-	2,527
Machinery and equipment	2,932	-	-	-	2,932
Total Allowance for Impairment	5,459	-	-	-	5,459
Net	347,821				347,782

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2017 and 2016

	Consolidated (In Thousand Baht)				Ending Balance as at December 31, 2016
	Beginning Balance as at January 1, 2016	Movements During the Year			
		Addition	Deduction	Transfer	
Cost					
Land	96,636	-	-	-	96,636
Land improvement	8,448	108	-	327	8,883
Building	135,849	-	-	-	135,849
Building improvement	42,882	131	-	121	43,134
Machinery and equipment	316,085	22,121	-	590	338,796
Electric system	2,196	-	-	-	2,196
Furniture, fixtures and office equipment	10,810	3,197	9	30	14,028
Furniture, fixtures and Showroom equipment	-	1,672	-	1,235	2,907
Vehicle	68,173	9,153	11,752	-	65,574
Utilities	3,897	-	-	-	3,897
Construction in progress and machinery under installation	1,055	4,547	-	(2,303)	3,299
Total Cost	686,031	40,929	11,761	-	715,199
Accumulated Depreciation					
Land improvement	6,554	1,342	-	-	7,896
Building	32,739	6,791	-	-	39,530
Building improvement	8,665	2,524	-	-	11,189
Machinery and equipment	219,354	21,118	-	-	240,472
Electric system	1,808	163	-	-	1,971
Furniture, fixtures and office equipment	5,192	2,178	7	-	7,363
Furniture, fixtures and Showroom equipment	-	416	-	-	416
Vehicle	48,270	8,850	11,752	-	45,368
Utilities	2,986	779	-	-	3,765
Total Accumulated Depreciation	325,568	44,161	11,759	-	357,970
Allowance for Impairment					
Buildings and building improvement	-	2,527	-	-	2,527
Machinery and equipment	-	2,932	-	-	2,932
Total Allowance for Impairment	-	5,459	-	-	5,459
Net	360,463				351,770

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2017 and 2016

	Separate Financial Statement (In Thousand Baht)				Ending Balance as at December 31, 2016
	Beginning Balance as at January 1, 2016	Movements During the Year			
		Addition	Deduction	Transfer	
Cost					
Land	96,636	-	-	-	96,636
Land improvement	8,448	108	-	327	8,883
Building	135,849	-	-	-	135,849
Building improvement	42,882	131	-	121	43,134
Machinery and equipment	316,047	22,067	-	30	338,144
Electric system	2,196	-	-	-	2,196
Furniture, fixtures and office equipment	10,724	2,563	9	-	13,278
Vehicle	68,173	9,153	11,752	-	65,574
Utilities	3,897	-	-	-	3,897
Construction in progress and machinery under installation	30	3,412	-	(478)	2,964
Total Cost	684,882	37,434	11,761	-	710,555
Accumulated Depreciation					
Land improvement	6,554	1,342	-	-	7,896
Building	32,739	6,791	-	-	39,530
Building improvement	8,665	2,524	-	-	11,189
Machinery and equipment	219,353	20,988	-	-	240,341
Electric system	1,808	163	-	-	1,971
Furniture, fixtures and office equipment	5,191	2,031	7	-	7,215
Vehicle	48,270	8,850	11,752	-	45,368
Utilities	2,986	779	-	-	3,765
Total Accumulated Depreciation	325,566	43,468	11,759	-	357,275
Allowance for Impairment					
Buildings and building improvement	-	2,527	-	-	2,527
Machinery and equipment	-	2,932	-	-	2,932
Total Allowance for Impairment	-	5,459	-	-	5,459
Net	359,316				347,821

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2017 and 2016

Starting from July 2011, the Company has adopted the appraisal value, which is the revaluation model, for measurement of land, building and building improvement and machinery and equipment in order to recognize the significant changes in fair values of assets as compared to carrying amounts. Cost Approach was used in the appraisal.

Subsequently, during October to November 2016, the Company arranged the reappraisals of its land, building and building improvement, and machinery and equipment. The independent appraiser, chosen by the Company for these reappraisals, was Pornsiam Consultant and Service Co., Ltd. who used the Cost Approach in their reappraisals.

The outcome of these reappraisals in 2016 (before the effect of deferred tax liabilities) resulted in the increase (decrease) in revaluation surplus of land, building and building improvement and machinery and equipment as well as impairment loss and allowance for impairment as follows:

Consolidated and Separate Financial Statement (In Thousand Baht)				
	Revaluation from Reappraisals	Accumulated Depreciation	Net	Allowance for Impairment
Land	38,451	-	38,451	-
Building and building improvement	174,486	(107,569)	66,917	(2,527)
Machinery and equipment	227,784	(125,161)	102,623	(2,932)
Total	440,721	(232,730)	207,991	(5,459)

The Company presented the loss on impairment of aforesaid assets as part of administrative expenses for the year ended December 31, 2016.

The revaluation surplus on land, building and building improvement, machinery and equipment is not available for dividend distribution.

Asset revaluation surplus as at December 31, 2017 and 2016 and movements during the years ended December 31, 2017 and 2016 (before deducting the effect from deferred tax liabilities) are as follows:

Consolidated and Separate Financial Statement (In Thousand Baht)					
	Beginning Balance as at January 1, 2017	Movements During the Year			Ending Balance as at December 31, 2017
		Addition	Deduction	Depreciation	
Land	38,451	-	-	-	38,451
Building and building improvement	189,382	-	-	(17,255)	172,127
Machinery and equipment	119,764	-	-	(18,424)	101,340
Total	347,597	-	-	(35,679)	311,918

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2017 and 2016

	Consolidated and Separate Financial Statement (In Thousand Baht)				Ending Balance as at December 31, 2016
	Beginning Balance as at January 1, 2016	Movements During the Year			
		Addition	Deduction	Depreciation	
Land	-	38,451	-	-	38,451
Building and building improvement	132,068	67,705	(788)	(9,603)	189,382
Machinery and equipment	28,807	102,795	(172)	(11,666)	119,764
Total	160,875	208,951	(960)	(21,269)	347,597

As at December 31, 2017 and 2016, the Company's land, building and building improvement, machinery and equipment of which carrying amount totalling approximately Baht 251.1 million and Baht 265.2 million, respectively, were used as guarantees for the credit facilities with financial institutions as discussed in Notes 15 and 20.

As at December 31, 2017 and 2016, the Company's machinery and equipment and vehicles of which carrying amount totalling approximately Baht 19.0 million and Baht 23.5 million, respectively, were under the obligations and conditions of hire purchase and finance lease agreements as discussed in Note 21.

As at December 31, 2017 and 2016, cost of the Company's plant and equipment which have been fully depreciated but still in use amounting to approximately Baht 221.0 million and Baht 184.1 million, respectively.

Depreciation of plant and equipment for the year 2017 amounted to approximately Baht 79.0 million in the consolidated financial statements and Baht 78.0 million in separate financial statements while for the year 2016 amounted to approximately Baht 65.4 million in the consolidated financial statements and Baht 64.7 million in separate financial statements. The aforesaid depreciation for each of the years were included the depreciation on revaluation surplus of buildings and machinery of approximately Baht 35.7 million and Baht 21.3 million, respectively, in the consolidated and separate financial statements.

14. INTANGIBLE ASSETS - NET

	Consolidated (In Thousand Baht)				Ending Balance as at December 31, 2017
	Beginning Balance as at January 1, 2017	Movements During the Year			
		Addition	Deduction	Transfer	
Cost	10,194	863	-	-	11,057
Accumulated amortization	(6,861)	(1,080)	-	-	(7,941)
Net	3,333	(217)	-	-	3,116

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2017 and 2016

	Consolidated (In Thousand Baht)				Ending Balance as at December 31, 2016
	Beginning Balance as at January 1, 2016	Movements During the Year			
		Addition	Deduction	Transfer	
Cost	8,228	1,966	-	-	10,194
Accumulated amortization	(5,274)	(1,587)	-	-	(6,861)
Net	2,954	379	-	-	3,333

	Separate Financial Statement (In Thousand Baht)				Ending Balance as at December 31, 2017
	Beginning Balance as at January 1, 2017	Movements During the Year			
		Addition	Deduction	Transfer	
Cost	9,230	29	-	-	9,259
Accumulated amortization	(6,856)	(1,023)	-	-	(7,879)
Net	2,374	(994)	-	-	1,380

	Separate Financial Statement (In Thousand Baht)				Ending Balance as at December 31, 2016
	Beginning Balance as at January 1, 2016	Movements During the Year			
		Addition	Deduction	Transfer	
Cost	8,228	1,002	-	-	9,230
Accumulated amortization	(5,274)	(1,582)	-	-	(6,856)
Net	2,954	(580)	-	-	2,374

Amortization for the years ended December 31, 2017 and 2016 amounted to approximately Baht 1.1 million and Baht 1.6 million, respectively, both in the consolidated and separate financial statements, which was presented as part of “Administrative expenses” in the statements of comprehensive income.

15. BANK OVERDRAFTS AND SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2017	2016	2017	2016
Bank overdrafts	18,246	28,036	14,288	28,036
Loans under packing credits	198,507	103,052	198,507	103,052
Loans under promissory notes	210,000	535,000	210,000	480,000
Loans under trust receipt agreements	5,018	6,785	5,018	6,785
Total	431,771	672,873	427,813	617,873

As at December 31, 2017 and 2016, the Group had overdraft lines with three local banks totalling Baht 55 million (totalling Baht 50 million for the Company only) which bear interest at Minimum Overdraft Rate.

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2017 and 2016

As at December 31, 2017 and 2016, the Company had packing credit facilities with two local banks totalling Baht 200 million which bear interest at 1.5% p.a. lower than Minimum Loan Rate.

As at December 31, the Group had promissory note facilities with three local banks totalling Baht 210 million in 2017 and two local banks and two local securities companies totalling Baht 480 million in 2016 which bear interest at 1.0% p.a. lower than Minimum Loan Rate.

As at December 31, 2017 and 2016, the Group had trust receipt facilities with three local banks totalling Baht 148 million and Baht 108 million, respectively, (totalling Baht 58 million and Baht 18 million, respectively, for the Company only) which bear interest at 1.5% p.a. lower than Minimum Loan Rate.

The abovementioned credit facilities are guaranteed by certain directors of the Company as well as their land and fixed deposits, the Company's fixed deposits as discussed in Note 9, and the Company's land, buildings, and machinery and equipment as discussed in Note 13.

16. SHORT-TERM LOANS FROM OTHER PARTIES

This account represented the unsecured short-term loans under bill of exchange issued to several non-related persons and companies during October to December 2017. These loans bear interest ranging between 4.5% and 6.0% p.a. and have maturities not exceeding four months from issuance dates.

17. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2017	2016	2017	2016
Other payables	22,070	23,381	21,262	22,169
Accrued advertising and sales promotion expenses	18,908	14,424	18,908	14,407
Accrued interest	4,626	3,288	4,623	3,281
Accrued salary, wage, and welfares	4,330	8,186	4,314	8,180
Advances from customers	4,229	5,464	4,229	5,464
Accrued electricity	3,332	3,265	3,266	3,184
Other	4,476	4,265	4,074	3,772
Total	61,971	62,273	60,676	60,457

18. DEBENTURES

	Consolidated and Separate Financial Statements	
	(In Thousand Baht)	
	2017	2016
Debentures	500,000	500,000
Less Deferred direct transaction costs on debenture issuance	(116)	(1,690)
Net	499,884	498,310

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 will mature for redemption on February 26, 2018.

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The abovementioned debentures have significant undertakings and 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.

As at December 31, 2017 and 2016, such debentures had fair values of approximately Baht 500.6 million and Baht 500.1 million, respectively, which is the Level 1 input of the fair value hierarchy.

19. LIABILITY FOR POST-EMPLOYMENT BENEFITS

Movements of liability for post-employment benefits for the years ended December 31, 2017 and 2016 are as follows:

	Consolidated and Separate Financial Statement (In Thousand Baht)	
	2017	2016
Liability for post-employment benefits as at January 1	5,920	3,380
Current service cost	331	485
Interest cost	95	165
Expense recognized as profit or loss in statement of comprehensive income	426	650
Actuarial loss on measurement	-	1,890
Expense recognized in statement of comprehensive income	426	2,540
Employee benefit paid during the period	-	-
Liability for post-employment benefits as at December 31	6,346	5,920

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

- Discount rate 2.87% p.a. in 2017 and 2016
- Salary escalation rate 6.43% p.a. in 2017 and 2016
- Employee turnover rate 11% - 48% p.a. in 2017 and 2016

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%)	(180)	193
Salary escalation rate (increase/decrease by 0.5%)	219	(205)
Employee turnover rate (increase/decrease by 1%)	(477)	560

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
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December 31, 2017 and 2016

20. LONG-TERM BORROWINGS

Long-term borrowings from three local banks in 2017 and 2016 comprised of:

	Consolidated (In Thousand Baht)	
	2017	2016
1) Loans under facilities amount of Baht 108 million, repayable monthly until December 2018, bear interest at 1.25% p.a. lower than Minimum Loan Rate	18,336	42,522
2) Loans under facilities amount of Baht 80 million, repayable monthly until December 2018, bear interest at 1.25% p.a. lower than Minimum Loan Rate	13,329	31,311
3) Loans under facilities amount of Baht 30 million, repayable monthly until December 2016, bear interest at 1.25% p.a. lower than Minimum Loan Rate	-	9,560
4) Loans under facilities amount of Baht 42 million, repayable monthly until December 2019, bear interest at 0.25% p.a. lower than Minimum Loan Rate	11,110	22,082
5) Loans under facilities amount of Baht 19 million, repayable monthly until September 2020, bear interest at Minimum Loan Rate	5,236	8,610
6) Loans under facilities amount of Baht 40 million, repayable monthly until September 2022, bear interest at Minimum Loan Rate	32,999	16,440
7) Loans under facilities amount of Baht 40 million (of subsidiary), repayable monthly until March 2021, bear interest at Minimum Loan Rate	5,573	13,150
8) Loans under facilities amount of Baht 10 million (of subsidiary), repayable monthly until March 2021, bear interest at Minimum Loan Rate	7,263	9,469
Total	93,846	153,144
Less Current portion	(87,253)	(85,976)
Net	6,593	67,168
	Separate Financial Statement (In Thousand Baht)	
	2017	2016
1) Loans under facilities amount of Baht 108 million, repayable monthly until December 2018, bear interest at 1.25% p.a. lower than Minimum Loan Rate	18,336	42,522
2) Loans under facilities amount of Baht 80 million, repayable monthly until December 2018, bear interest at 1.25% p.a. lower than Minimum Loan Rate	13,329	31,311
3) Loans under facilities amount of Baht 30 million, repayable monthly until December 2016, bear interest at 1.25% p.a. lower than Minimum Loan Rate	-	9,560
4) Loans under facilities amount of Baht 42 million, repayable monthly until December 2019, bear interest at 0.25% p.a. lower than Minimum Loan Rate	11,110	22,082
5) Loans under facilities amount of Baht 19 million, repayable monthly until September 2020, bear interest at Minimum Loan Rate	5,236	8,610
6) Loans under facilities amount of Baht 40 million, repayable monthly until September 2022, bear interest at Minimum Loan Rate	32,999	16,440
Total	81,010	130,525
Less Current portion	(79,352)	(72,777)
Net	1,658	57,748

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2017 and 2016

The above loans have guarantees as discussed in Notes 13. In addition, the Company and its subsidiaries must comply with certain covenants and undertakings of these loans e.g. maintaining Debt Service Coverage Ratio, Debt-to-Equity Ratio, and Current Ratio, etc.

As at December 31, 2017, the Company could not comply with certain covenant of the loans under facilities of Baht 108 million and Baht 40 million. The Company negotiated with the lending bank and obtained the written waiver of such covenant on January 18, 2018 whereby the noncompliance was waived for the 2017 financial statements. However, due to the Company received such written waiver after December 31, 2017, the Company, therefore, presented the entire amount of such loans as part of current portion of long-term borrowings.

21. LIABILITIES UNDER HIRE PURCHASE AND FINANCE LEASE AGREEMENTS

	In Thousand Baht	
	2017	2016
Liabilities under hire purchase and finance lease agreements		
- Due for payments within one year	5,704	11,321
- Due for payments between 2-5 years	5,764	4,070
Total	11,468	15,391
Less Deferred interest	(617)	(585)
Liabilities under hire purchase and finance lease agreements - net of deferred interest	10,851	14,806
Less Current portion	(5,337)	(10,832)
Net	5,514	3,974

Amortized interest, which was presented as part of “Finance costs” in the statements of comprehensive income for the years 2017 and 2016, amounted to approximately Baht 0.5 million and Baht 1.1 million, respectively.

During 2012 to 2017, the Company entered into hire purchase agreements for its vehicles with three local banks and seven private companies for the periods of 24 to 60 months whereby such hire purchase agreements will end during 2017 to 2021.

During 2014, the Company entered into sales and finance leaseback agreements of machinery and equipment with a local leasing company for a period of 48 months.

	Consolidated and Separate Financial Statement (In Thousand Baht)	
	2017	2016
Deferred gain on sales and leaseback	271	271
Less Cumulative recognized amount	(259)	(191)
Net	12	80

Gain on sales and finance leaseback which was recognized as part of “Other income” for the years 2017 and 2016 amounted to approximately Baht 68 thousand and Baht 51 thousand, respectively.

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Notes to Financial Statements (Continued)
December 31, 2017 and 2016

22. SHARE CAPITAL, PREMIUM ON SHARES AND WARRANTS

	Par Value (In Baht)	In Thousand Shares / In Thousand Baht			
		2017		2016	
		No. of Share	At Par Value	No. of Share	At Par Value
Authorized share capital					
As at December 31					
- Common shares	0.25	<u>1,416,549</u>	<u>354,137</u>	<u>780,000</u>	<u>195,000</u>
Issued and paid-up shares					
as at January 1					
- Common shares	0.25	568,826	142,207	550,191	137,548
Private placement	0.25	30,000	7,500	-	-
Exercise of warrants	0.25	<u>231,182</u>	<u>57,795</u>	<u>18,635</u>	<u>4,659</u>
As at December 31					
- Common shares	0.25	<u>830,008</u>	<u>207,502</u>	<u>568,826</u>	<u>142,207</u>

At the general shareholders' meeting on April 28, 2017, the shareholders unanimously approved the Company to decrease in the authorized share capital from Baht 195,000,000 to Baht 194,967,110.50 by eliminating the unissued 131,554 common shares, Baht 0.25 par value, of the Company which was equivalent to Baht 32,889.50 and increase the Company's authorized share capital from Baht 194,967,110.50 (divided into 779,868,446 common shares, Baht 0.25 par value) to Baht 259,394,716.50 (divided into 1,037,398,866 common shares, Baht 0.25 par value) by issuance of new 257,530,420 common shares, Baht 0.25 par value, in order to support the investments for business expansion of the Group. Such new common shares shall be allocated for offering to the existing shareholders of 170,647,815 shares, for private placement of 56,882,605 shares, and the rest of 30,000,000 shares for supporting the adjustment of the rights under the ECF-W1 warrants that may be resulted from the issuance and offering of the aforesaid new common shares.

At the extraordinary shareholders' meeting on October 2, 2017, the shareholders approved the significant matters relating to the Company's share capital as follows:

- a) Decrease in the Company's authorized share capital amounting to Baht 64,411,770.00 from previously Baht 259,349,716.50 to Baht 194,937,946.50 by eliminating the unissued 257,647,080 common shares, Baht 0.25 par value. The Company subsequently registered such decrease in share capital with the Ministry of Commerce on October 16, 2017.
- b) Increase in the Company's authorized share capital amounting to Baht 159,199,322.50 from previously Baht 194,937,946.50 to Baht 354,137,269.00 by issuance of new 636,797,290 common shares, Baht 0.25 par value in order to accommodate the following schemes:
 - (1) General mandate basis of the increase in share capital for offering to the existing shareholders (Right Offering) of 233,925,535 shares;
 - (2) General mandate basis of the increase in share capital for offering to specific persons (Private Placement) of 77,975,178 shares whereby the Board of Directors subsequently approved in their meeting (a) on October 3, 2017 to offer the first lot, not exceeding 40,000,000 shares, to Macquarie Bank Limited ("Macquarie"), who is foreign institutional investor incorporated and operates its finance and banking businesses in Australia. Macquarie shall purchase the Company's newly issued shares at once or occasionally at the price not less than 90% of the volume weighted average price of the Company's shares on the Market for Alternative Investment for the past 7 consecutive business days prior to the date on which the offering price is determined for Macquarie on each occasion whereby the subscription rights shall be subject to the success in execution of

EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
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December 31, 2017 and 2016

share subscription agreement between the Company and Macquarie as well as the conditions to be specified in such agreement. Subsequently on January 8, 2018, the Company received the proceeds for partial share subscription from Macquarie amounting to approximately Baht 1.7 million (Baht 5.70 per share, comprised the amounts for paid-up share capital of Baht 0.075 million and premium on shares of Baht 1.6 million). The Company registered this issued and paid-up share capital with the Ministry of Commerce on January 9, 2018 and (b) on October 19, 2017 to offer the second lot, not exceeding 30,000,000 shares, to One Asset Management Limited (“ONEAM”), who is local institutional investor. ONEAM shall purchase the Company’s newly issued shares on this occasion at Baht 5.58 per share, totalling Baht 167.4 million, which is the price not less than 90% of the volume weighted average price of the Company’s shares on the Market for Alternative Investment for the past 7 consecutive business days prior to the date on which the offering price is determined for ONEAM, i.e. October 19, 2017. ONEAM purchased and paid-up for such shares, amounting to Baht 167.4 million, on October 25, 2017 (comprised the amounts for paid-up share capital of Baht 7.5 million and premium on shares of Baht 159.9 million) and will allocate such shares to 22 mutual funds and 8 provident funds which are under their management. The Company registered this issued and paid-up share capital with the Ministry of Commerce on October 30, 2017;

- (3) Exercise of the ECF-W2 for purchase of the Company’s newly issued 194,937,946 common shares ; and
- (4) Exercise of the ECF-W3 for purchase of the Company’s newly issued 129,958,631 common shares.

The Company registered such increase in share capital with the Ministry of Commerce on October 17, 2017 and will utilize the fund derived from the abovementioned increase in shares capital as working capital to support the Company’s financial liquidity and/or expansion in core business and other businesses relevant to core business and/or several investment projects in the energy business.

Section 51 of the Public Limited Companies Act, B.E. 2535 (1992) requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account, premium on shares, separated from the reserve account referred to in Section 116 of the Public Limited Companies Act, B.E. 2535 (1992) (“Legal reserve”). Premium on shares is not available for dividend distribution.

Warrants

The Company issued and offered 259,868,446 units of free warrants (“ECF-W1”) to existing shareholders on July 30, 2014 for the purchase of incremental shares on the basis of 2 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 0.50 per share
Exercise period	The warrants shall be exercisable after 1 year from the date of issuance of the warrants. The exercise schedules shall be the last business days of May and November of each year until the end the 3 rd year after issuance whereby the first exercise date is November 30, 2016 and the last exercise date is July 29, 2016.
Term of warrants	3 years from the date on which the warrants are issued to the shareholders

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Subsequently, 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

On August 15, 2014, the Stock Exchange of Thailand has granted the Company’s 259,868,446 units of warrants as listed securities and has permitted such warrants to be traded on the Market for Alternative Investment since August 18, 2014. 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 30, 2015	30,190,600	15,095,300	7,547,650	7,547,650	229,677,846	December 9, 2015
May 31, 2016	14,855,950	7,427,975	3,713,988	3,713,988	214,821,896	June 13, 2016
November 30, 2016	3,779,500	1,889,750	944,875	944,875	211,042,396	December 9, 2016
May 31, 2017	7,445,400	3,722,700	1,861,350	1,861,350	203,596,996	June 12, 2017
July 28, 2017*	203,480,336	101,740,168	50,870,084	-	116,660	August 4, 2017

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* Last exercise date and the delisting date of the Company's warrants at the end of this day from the Market for Alternative Investment

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.

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

23. LEGAL RESERVE

Section 116 of the Public Limited Companies Act B.E. 2535 requires the public limited companies to appropriate not less than 5% of its annual profit, less accumulated losses brought forward (if any), to a reserve account ("Legal reserve") until this account reaches an amount not less than 10% of the authorized share capital. The legal reserve is not available for dividend distribution.

24. EXPENSES BY NATURE

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2017	2016	2017	2016
Assemblies, raw materials, and supplies used	944,249	864,705	937,241	854,035
Employee expenses	244,782	239,887	237,756	233,261
Depreciation and amortization	85,137	71,458	81,724	68,695
Finance costs	78,657	54,430	75,626	48,874
Advertising and sales promotions	74,468	82,240	74,248	78,542
Freight and transportation charges	44,390	37,667	42,436	34,438
Electricity	35,019	35,392	34,364	36,620
Showroom rental and service charges	33,494	31,179	21,120	21,849
Repair and maintenance expenses	13,347	18,930	13,263	18,548
Bank charges	12,713	9,928	11,834	9,005
Fuels	11,176	9,805	11,176	9,805
Reversal of loss on diminution in value of obsolete and slow moving inventories	(2,703)	(1,621)	(2,703)	(1,621)
Changes in finished goods and work-in-process	(223,247)	(151,795)	(225,671)	(146,937)

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25. INCOME TAX

Corporate income tax recorded as expense (income) for the years ended December 31, 2017 and 2016 consists of:

	In Thousand Baht			
	Consolidated		The Company Only	
	2017	2016	2017	2016
Income tax computed from accounting profit	11,779	15,143	16,584	13,200
Effects from non-deductible expenses	12,962	6,320	7,847	6,160
Effects from benefit of tax loss carryforward	-	4,639	-	-
Effects from additional deductible expenses or non-taxable income	(1,676)	(9,269)	(1,605)	(2,529)
Effects from reduction in income tax rate under investment promotion	(5,425)	(4,839)	(5,425)	(4,839)
Current tax on taxable profit	17,640	11,994	17,401	11,992
Decrease (increase) in deferred tax assets	302	(819)	315	(886)
Decrease in deferred tax liabilities	(6,291)	(466)	(6,291)	(466)
Income tax presented in statement of comprehensive income	<u>11,651</u>	<u>10,709</u>	<u>11,425</u>	<u>10,640</u>
Decrease in deferred tax assets attributable to other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>378</u>
Increase in deferred tax liabilities from reappraisals of fixed assets	<u>-</u>	<u>41,598</u>	<u>-</u>	<u>41,598</u>

As at December 31, 2017, a subsidiary had tax loss carryforward of approximately Baht 55.9 million whereby such loss carryforward is able to be used as tax credit during 2018 until 2022.

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Deferred tax assets and liabilities presented in statements of financial position as at December 31, 2017 and 2016 consist of:

	In Thousand Baht			
	Consolidated		Separate Financial Statement	
	2017	2016	2017	2016
<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	611	1,152	611	1,152
- Allowance for doubtful accounts	613	824	393	617
- Allowance for impairment of building and equipment	1,092	1,092	1,092	1,092
- Deferred gain on sales and leaseback	3	16	3	16
- Liability for post-employment benefits	1,269	806	1,269	806
Total deferred tax assets	<u>3,588</u>	<u>3,890</u>	<u>3,368</u>	<u>3,683</u>
<i>Deferred tax liabilities</i>				
Effects from temporary non-recognized items:				
- Unamortized debenture issuance costs	23	338	23	338
- Revaluation surplus on land	7,690	7,690	7,690	7,690
- Revaluation surplus on building - net	15,729	17,945	15,729	17,945
- Revaluation surplus on machinery - net	16,765	20,525	16,765	20,525
Total deferred tax liabilities	<u>40,207</u>	<u>46,498</u>	<u>40,207</u>	<u>46,498</u>

26. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share for the years ended December 31, 2017 and 2016 are determined by dividing profit for the year, attributable to owners of the Company, by the weighted average number of common shares outstanding during the year as follows:

	In Thousand Baht / In Thousand Shares			
	Consolidated		Separate Financial Statement	
	2017	2016	2017	2016
Profit for the year, attributable to owners of the Company	<u>73,046</u>	<u>62,440</u>	<u>71,494</u>	<u>55,361</u>
Basic weighted average number of outstanding common shares	<u>668,379</u>	<u>559,258</u>	<u>668,379</u>	<u>559,258</u>
Basic earnings per share (Baht)	<u>0.109</u>	<u>0.112</u>	<u>0.107</u>	<u>0.099</u>

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Diluted earnings per share

Diluted earnings per share for the years ended December 31, 2017 and 2016 are determined by dividing the profit for the year, attributable to owners of the Company, by the weighted average number of common shares outstanding during the year after adjusting the effect from dilutive potential common shares as follows:

	In Thousand Baht / In Thousand Shares			
	Consolidated		Separate Financial Statement	
	2017	2016	2017	2016
Profit for the year attributable to owners of the Company	73,046	62,440	71,494	55,361
Basic weighted average number of outstanding common shares	668,379	559,258	668,379	559,258
Effect from the right under the exercise of warrants	116,969	30,410	116,969	30,410
Diluted weighted average number of outstanding common shares	785,348	589,668	785,348	589,668
Diluted earnings per share (Baht)	0.093	0.106	0.091	0.094

27. PAYMENT OF DIVIDENDS

At the general shareholders' meeting held on April 28, 2017, the shareholders unanimously approved the Company to pay dividends for the 2016 operations at 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. Such dividends were paid on May 26, 2017.

At the general shareholders' meeting held on April 8, 2016, the shareholders unanimously approved the Company to pay dividends for the 2015 operations at Baht 0.0586 per share, totalling approximately Baht 32.2 million, to the shareholders whereby such dividends shall be paid from the promoted activities and non-promoted activities amounting to Baht 0.0153 per share and Baht 0.0433 per share, respectively. Such dividends were paid on May 6, 2016.

28. PROMOTIONAL PRIVILEGES UNDER INVESTMENT PROMOTION

By virtue of the provisions of the Investment Promotion Act B.E. 2520, the Company has been granted certain promotional privileges which include among others, exemption from import duty on the imported raw materials and necessary supplies used in the promoted business to (1) exemption 50% from import duty on the imported raw machinery in the promoted business to (2) and (3) exemption from corporate income tax on net profit from the promoted businesses attributable in the extent not exceeding the specified amount in the promotional certificates for a period of three years from the date income was first derived from the promoted businesses and the dates income was first derived from the promoted businesses are as follows:

- (1) Production of printed matter, income was first derived on April 1, 2011.
- (2) Manufacture of furniture and parts (rubber wood furniture : chairs) (except those made from restricted trees), income was first derived on August 14, 2014.

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- (3) Manufacture of furniture and parts (particle board furniture) (except those made from restricted trees), income was first derived on August 14, 2014.

As a promoted entity, the Company must comply with certain conditions and regulations as specified in the promotional certificates.

Operating results classified by the promoted and non-promoted businesses for the years ended December 31, 2017 and 2016 are as follows:

	2017 - Consolidated (In Thousand Baht)		
	Promoted Business	Non-Promoted Business	Total
Net sales	335,594	1,109,029	1,444,623
Other income	68	33,993	34,061
Cost of sales	(227,562)	(776,641)	(1,004,203)
Distribution costs	(34,654)	(121,969)	(156,623)
Administrative expenses (including loss on exchange rate)	(35,635)	(144,672)	(180,307)
Finance costs	(17,329)	(61,328)	(78,657)
Share of profit from investment in associates	-	19,500	19,500
Income tax expense	-	(11,651)	(11,651)
Profit for the year	20,482	46,261	66,743

	2016 - Consolidated (In Thousand Baht)		
	Promoted Business	Non-Promoted Business	Total
Net sales	396,490	974,290	1,370,780
Other income (including gain on exchange rate)	1,216	22,912	24,128
Cost of sales	(281,761)	(701,504)	(983,265)
Distribution costs	(41,720)	(117,154)	(158,874)
Administrative expenses	(42,008)	(113,447)	(155,455)
Finance costs	(14,063)	(40,367)	(54,430)
Share of profit from investment in associates	-	32,832	32,832
Income tax expense	-	(10,709)	(10,709)
Profit for the year	18,154	46,853	65,007

	2017 - Separate Financial Statement (In Thousand Baht)		
	Promoted Business	Non-Promoted Business	Total
Net sales	335,594	1,092,067	1,427,661
Other income	68	31,585	31,653
Cost of sales	(227,562)	(765,626)	(993,188)
Distribution costs	(34,654)	(117,399)	(152,053)
Administrative expenses (including loss on exchange rate)	(35,635)	(119,893)	(155,528)
Finance costs	(17,329)	(58,297)	(75,626)
Income tax expense	-	(11,425)	(11,425)
Profit for the year	20,482	51,012	71,494

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	2016 - Separate Financial Statement (In Thousand Baht)		
	Promoted Business	Non-Promoted Business	Total
Net sales	396,490	957,923	1,354,413
Other income (including gain on exchange rate)	1,216	22,376	23,592
Cost of sales	(281,761)	(693,197)	(974,958)
Distribution costs	(41,720)	(102,578)	(144,298)
Administrative expenses	(42,008)	(101,866)	(143,874)
Finance costs	(14,063)	(34,811)	(48,874)
Income tax expense	-	(10,640)	(10,640)
Profit for the year	18,154	37,207	55,361

29. 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 Group that are provided regularly to the highest authority in decision-making operation and also used in evaluation of financial performances of the segments. The Group has 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 abroad, 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 Group are similar to those accounting policies discussed in Note 3. In addition, the Group is unable to apportion the segment information for assets and liabilities without incurring the excessive costs.

Information on Products

	In Thousand Baht	
	Consolidated	
	2017	2016
Net sales		
- Wood furniture and particle boards	1,332,318	1,273,723
- Other products	112,305	97,057
Total	1,444,623	1,370,780
Other income		
- Wood furniture and particle boards	28,182	20,857
- Other products	25,379	36,103
Total	53,561	56,960
Cost of sales		
- Wood furniture and particle boards	892,700	885,366
- Other products	111,503	97,899
Total	1,004,203	983,265
Other expenses		
- Wood furniture and particle boards	369,764	328,143
- Other products	45,823	40,616
Total	415,587	368,759

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	In Thousand Baht	
	Consolidated	
	2017	2016
Profit (loss) before income tax expense		
- Wood furniture and particle boards	98,036	81,071
- Other products	(19,642)	(5,355)
Net	78,394	75,716

Information on Geographic Areas

	In Thousand Baht	
	Consolidated	
	2017	2016
Export sales - net		
- Japan	668,008	682,337
- Bahrain	22,446	38,475
- Malaysia	18,075	1,515
- Philippine	15,147	7,106
- United Arab Emirates	7,960	-
- United States of America	6,783	7,932
- India	5,132	12,229
- Taiwan	5,073	7,453
- China	2,888	5,382
- Peru	2,358	3,968
- Singapore	-	2,120
- Other countries	941	7,900
Total	754,811	776,417
Domestic sales - net	689,812	594,363
Total sales - net	1,444,623	1,370,780

The Group has no any non-current assets located in the countries other than Thailand.

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	
	2017	2016
Net sales		
- Wood furniture and particle boards	36.99	54.53
- Other products	-	-
- Export	39.02	60.93
- Domestic	28.75	29.81
- Total	34.12	47.43

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30. DISCLOSURE OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

The Group are exposed to normal business risks relating to liquidity risk, credit risk, foreign currency risk, and interest rate risk. The Group has used derivative financial instruments for hedging against the foreign currency risk without intention for trading or speculation purposes and there was no significant change in risk management policy relating to financial instruments during 2017 and 2016.

Liquidity Risk

The Group manages its liquidity risk and maintain a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Credit Risk

Credit risk is the risk that a customer or counterparty is unable or unwilling to meet its financial and contractual commitments. To mitigate this risk, the Group periodically assess the financial position and viability of customers and counterparties. The carrying amount of receivables presented in the statements of financial position is the maximum exposure to credit risk.

Foreign Currency Risk

The Group has significant business transactions internationally, including import of merchandises and raw materials as well as export of its products, giving rise to exposure to fluctuations in foreign currency exchange rates. In practical, the Group reduces this risk by matching cash receipt from its customers (receivables) against cash payment to its suppliers (payables). Since 2009, the Company has started using forward exchange contracts (buy-sell) to mitigate this risk.

As at December 31, 2017 and 2016, the Company had the outstanding forward exchange contracts (buy and sell) as follows:

	In Thousand			
	Foreign Currency		Fixed Baht	
	2017	2016	2017	2016
Forward exchange contracts - buy				
- U.S. Dollar	50	106	1,625	3,766
Forward exchange contracts - sell				
- U.S. Dollar	55	81	1,801	2,898

In addition, the fair values of forward exchange contracts (buy and sell) outstanding as at December 31, 2017 and 2016 were as follows:

	In Thousand Baht	
	2017	2016
Forward exchange contract - buy		
- U.S. Dollar	1,628	3,798
Forward exchange contract - sell		
- U.S. Dollar	1,790	2,902

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The forward exchange contracts (buy and sell) as at December 31, 2017 had maturities between April and June 2018.

As at December 31, 2017 and 2016, significant outstanding non-hedged foreign currency assets and liabilities are as follows:

	Consolidated			
	Foreign Currency Assets		Foreign Currency Liabilities	
	2017	2016	2017	2016
- U.S. Dollar	3,332,181	1,605,025	188,402	218,575
- Euro	-	-	-	51,100

	Separate Financial Statement			
	Foreign Currency Assets		Foreign Currency Liabilities	
	2017	2016	2017	2016
- U.S. Dollar	3,332,181	1,579,481	188,402	218,575
- Euro	-	-	-	51,100

Interest Rate Risk

Interest rate risk arises from the fluctuation of market interest rates in the future, which may have a negative effect to current and future operations and cash flows of the Group. The Group's management believes that the interest rate risk is minimal because the Group's deposits at banks, short-term and long-term loan receivables, bank overdrafts and short-term and long-term loan payables bear interest approximated or at the floating market interest rates.

Fair Value Measurements

The following assumptions were used by the Group in estimating the fair values of financial assets and financial liabilities:

Cash and cash equivalents, restricted deposits at banks, trade and other receivables, short-term and long-term loan receivables, bank overdrafts, short-term and long-term loan payables, trade and other payables have carrying amounts that did not materially differ from their fair values because these financial assets and liabilities will mature in a short-term period or bear interest at the rates or approximated market rates.

Current investment is stated at fair value. Investment in held-to-maturity debt securities and debentures are stated at amortized cost of which the carrying amounts approximate their fair values.

Investment in subsidiaries and associates as well as liabilities under hire purchase and finance lease agreements are not practicable to be estimated the proper fair value without incurring the excessive costs.

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31. CAPITAL MANAGEMENT

Significant objectives of capital management of the Group are to ensure that they have the appropriate financial structure and fund structure as well as maintaining the financial liquidity and ability to continue their businesses as a going concern. The Group did not have any significant change relating to capital management policy during 2017 and 2016.

As at December 31, Debt-to-Equity ratio for the consolidated and separate financial statements was 1.70 : 1.00 and 1.66 : 1.00, respectively, in 2017 and 2.58 : 1.00 and 2.46 : 1.00, respectively, in 2016.

32. REGISTERED PROVIDENT FUND

The Company has arranged a contributory registered provident fund in accordance with the Provident Fund Act, B.E. 2530 (1987). Membership to the fund is on a voluntary basis. Under the plan, the Company and employees contribute an amount equivalent to 3% of the employees' basic salaries. The fund will pay back the provident fund to employees in accordance with the conditions stated in the policies of provident fund regulations.

The Company's contribution, which was charged as expense for each of the years 2017 and 2016, amounted to approximately Baht 1.5 million.

33. OTHERS

As at December 31, 2017;

- a. The Group had commitments on space lease and service agreements for its branch offices and retail shops for sundry goods with five private companies with the term of 3 years whereby the last agreement will end in July 2020. Such commitments are as follows:

	<u>In Million Baht</u>
Due for payments within one year	23.8
Due for payments after one year but not exceeding five year	8.0
Total	<u>31.8</u>

- b. The Company had letters of guarantee issued by three local banks to two private companies and a government agency totalling approximately Baht 29.7 million;
- c. The Company had unused letters of credit with a local bank totalling approximately Baht 2.0 million;
- d. The Company had commitment on construction of its new office building located in Rayong province totalling approximately Baht 6.2 million (excluding value-added tax);
- e. The Company had commitment on purchase of land for construction of its new office building and new warehouse located in Pathumthani province totalling approximately Baht 44.1 million (excluding value-added tax);
- f. The Company had commitment on purchase of machinery amounting to approximately Baht 7.5 million

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- g. The Company had commitment on purchase of computer software amounting to approximately Baht 2.1 million;
- h. The Company registered the discontinuation of a branch located in each of Bangkok and Suphanburi province during 2017.

34. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the consolidated statement of comprehensive income for the year 2016 were reclassified to conform to and be comparable with the presentation of the consolidated statement of comprehensive income for the year 2017 without effect to the previously reported profit and shareholders' equity in consolidated financial statements. Such reclassification is as follows:

	In Baht	
	Reclassified Figures	Previously Reported Figures
Distribution costs	148,733,271	158,874,490
Administrative expenses	165,596,378	155,455,159

35. EVENT AFTER THE REPORTING PERIOD

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 authorized share capital of subsidiary, i.e. PNB, 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.

36. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements have been approved to be issued by the Company's Board of Directors' meeting on February 27, 2018.

