

-Translation-**No. ECF2 005/2018**

February 28, 2018

Subject: Management Discussion and Analysis of the year ended December 31, 2017

To President
The Stock Exchange of Thailand

East Coast Furnitech Public Company Limited ("the Company") would like to report on Management Discussion and Analysis from the Separate and Consolidated Financial Statements of the year ended December 31, 2017. The details are as follows;

Operating Performance1. Revenues

Unit: Million Baht

	Consolidated				Separate			
	Amount		Change		Amount		Change	
	2017	2016	Amount	%	2017	2016	Amount	%
Revenue from sale – net	1,444.62	1,370.78	73.84	5	1,427.66	1,354.41	73.25	5
Other incomes	34.06	21.71	12.35	57	31.65	21.34	10.31	48
Total Revenue	1,478.68	1,392.49	86.19	6	1,459.31	1,375.75	83.56	6
Sharing of gain (loss) from investment value of the associates	19.50	32.83	-13.33	41				

In general of the year 2017, the Company could generate total revenue with growth rate 6 percent that came from the growth of furniture business. The mainly increase derived from the domestic sales increasing 16 percent. At the present, the proportion of domestic sales is 48 percent of total revenue from sale. In addition, other incomes also increased from the revenue of by products, waste, material and interest received from the short term investment fund.

For the sharing of gain from investment value of the associates, for the year 2016 ECF Holdings Company Limited, as the subsidiary of the Company by holding 75 percent of total shares, invested to solar power plant with installation capacity 1.5 MW at Himeji Prefecture, Japan by holding 51% of total shares of the project and later this project was sold on August 19, 2016 at selling price Baht 82.19 million. Such transaction made the main sharing of gain from investment value of the associates for the year 2017 and the total amount

equaled to Baht 30.95 million. This transaction has the significant impact when comparing to the value of sharing of gain from investment value of the associates of the year 2017 Baht 19.50 million with the details as follows;

1. SAFE Energy Holdings Company Limited (SAFE) which is held 33.37 percent of total shares by ECF Power Company Limited (ECF-P) and ECF-P is the subsidiary held 99.99 percent by the Company. At the present, SAFE could gain profit from biomass power plant project with installation capacity 7.5 MW of Prize of Wood Green Energy at Narathiwat Province which this project is held 99.99 percent of total shares by SAFE. Then the Company could start gaining from profit sharing since the beginning of the 3rd Quarter of 2017.
2. Green Earth Power (Thailand) Company Limited operates solar power plant project with installation capacity 220 MW at Minbu District, Myanmar. ECF-P holds 20 percent of total shares of the project. Currently, the project is under construction and has not been starting commercial yet.

As the above-mentioned, resulting to the comparison of sharing of gain (loss) from investment value of the associates of the year 2017 decreased significantly 41 percent from the last year.

2. Cost of goods sold and expenses : Consolidated

Unit: Million Baht

	12 months		Percent of total revenue	
	2017	2016	%	%
Cost of goods sold	1,004.20	983.27	67.91	70.61
Cost of sales	156.62	148.73	10.59	10.68
Administrative expenses	179.55	165.60	12.14	11.89
Loss (profit) from the exchange rate	0.76	-2.42	0.05	-0.17
Financial costs	78.66	54.43	5.32	3.91
Income tax expense	11.65	10.71	0.79	0.77
Total cost of goods sold and expenses	1,431.44	1,360.32		

The overview of costs and expenses of the year 2017, the proportion of cost good sold decreased that resulted to the increase of gross profit from 28 percent of the year 2016 to be 30 percent of the year 2017. The main result caused from the price of raw material was in declining trend and also the Company could manage the costs and expenses of the production process to be more efficient.

For the cost of sales and administrative expenses were approximately proportion when comparing to the last year. However, the company had increasing financial costs from short-term loans from other persons and other companies which were used for working capital of the business, amounted to Baht 279.64 million as of 31 December 2017. Income tax expenses did not changed significantly when comparing to total revenue.

3. Profit for the period

Unit: Million Baht

	Consolidated				Separate			
	Amount		Change		Amount		Change	
	2017	2016	Amount	%	2017	2016	Amount	%
Gross Profit	440.42	387.51	52.91	14	434.47	379.45	55.02	14
Profit (Owners of the parent)	73.05	62.44	10.61	17	71.49	55.36	16.13	29
Total Comprehensive Income for the Period	66.74	226.35	-159.61	-71				

In overall the profit of the year 2017 (Consolidated), for profit (Owners of the parent) amounted to Baht 73.05 million which 17 percent significant increased when comparing to the last year. The main result caused from the performance of furniture business including the profit sharing from the investment of biomass power plant via Safe Energy Holding Company Limited.

In this regard, the profit from furniture business (Separate) could significantly generate more gross profit and profit for the period which equivalent to 14 percent and 29 percent respectively, resulted from the Company could decrease the proportion of cost of good sold.

Financial Position: Consolidated Financial Statements

1. Total Assets

Statement of Financial Position	December 31, 2017		December 31, 2016		Increased / (Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Assets	1,428.27	51%	1,532.73	65%	104.46	-7%
Non-Current Assets	1,354.50	49%	824.55	35%	529.95	64%
Total Assets	2,782.77	100%	2,357.28	100%	425.49	18%

As of December 31, 2017, the Company's total assets was Baht 2,782.77 million, increased by Baht 425.49 million as of December 31, 2016 from the significant reasons of the increase of inventory and investment in associates. In this regard, the investment in associates increased evidently since the 2nd Quarter to the 3rd Quarter of 2017 and the amount of investment in associates as of December 31, 2017 representing to Baht 474.69 million increasing from Baht 8.00 million as of December 31, 2016. The investment in associates was divided into the investment to SAFE Energy Holdings Company Limited Baht 157.71 million and Green Earth Power (Thailand) Company Limited Baht 316.98 million.

2. Total Liabilities and Shareholder's Equity

Statement of Financial Position	December 31, 2017		December 31, 2016		Increased / (Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Liabilities	1,695.06	61%	1,076.25	46%	618.82	57%
Non-Current Liabilities	58.67	2%	621.95	26%	-563.29	-91%
Total Liabilities	1,753.73	63%	1,698.20	72%	55.55	3%
Shareholder's Equity	1,029.03	37%	659.09	28%	369.94	56%
Total Liabilities and Shareholder's Equity	2,782.77	100%	2,357.29	100%	425.49	18%

As of December 31, 2017, the Company's total liabilities was Baht 1,753.73 million, slightly increased when comparing to as of December 31, 2016 equivalent to Baht 1,698.20 million. In this regard, the debt to equity ratio was 1.70 times.

Shareholder's Equity as of December 31, 2017 was Baht 1,029.03 million increased Baht 369.94 million as of December 31, 2016 due to the increase of paid-up capital which equivalent to Baht 65.3 million and share premium from the exercising of ECF-W1 which expired since July 28, 2017 at the exercise price Baht 0.50 per share, from the exercising of ECF-W2 No. 1/6 on November 25, 2017 at the exercise price Baht 3 per share and also the issuance and offering of 30,000,000 shares to institution investor such as ONE Asset Management at Baht 5.58 per share.

Kindly be informed accordingly,

Yours sincerely,

East Coast Furnitech Public Company Limited

-Signature-

(Arak Suksawad)

Managing Director