



Annual Report 2009

CEI
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COMPASS EAST INDUSTRY (THAILAND) PUBLIC COMPANY LIMITED

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Financial Highlights



Unit : Thousand Baht

	2009	2008	2007
<i>Financial Position at Year End</i>			
Current Assets	528,504	570,841	485,752
Total Assets	754,192	856,836	826,082
Shareholders' Equity	667,987	752,942	706,462
Par Value Per Share (Baht)	1.00	1.00	1.00
Book Value Per Share (Baht)	3.55	4	3.75
Share Capital (Shares)	188,300	188,300,000	188,300,000
<i>Earning Abilities</i>			
Sales	118,584	185,629	175,521
Other Incomes	62,653	130,677	200,581
Total Revenues	181,236	316,306	376,102
Net Incomes	(7,5021)	38,573	58,031
Cash Dividends	-	0.08	-
Earnings Per Share (Baht)	(0.40)	0.20	0.31
<i>Financial Ratio</i>			
Current Ratio (Times)	6.13	5.49	5.64
Total Debt to Equity Ratio (Times)	0.13	0.14	0.17
Return on Equity (%)	(11.23)	5.29	8.21
Return on Sales (%)	(63.26)	20.78	33.06
Return on Assets (%)	(9.95)	4.58	7.02



Message from Chairman



Compass East Industry (Thailand) Pcl. was formerly called C.E.I. (Thailand) Co. Ltd., originated from ceiling electric fans and chandelier manufacturing industry, of which the models came from Taiwan and the USA. The Company has grown and stepped into a public limited company, during which it could generate high profits and returns to the shareholders which was regarded that Compass East Industry (Thailand) Pcl. did reach the zenith that a listed company could do. Even though the company had previously encountered with certain considerable problems that barred the Company from exporting and impacted its domestic manufacturing capacity due to resizing to be suitable with domestic sale volume and importing lower-cost parts from China to manufacture and assemble as readymade products. However, the Company has still been the leader in the market with highest domestic sale volume of the ceiling electric fans and chandeliers. Those achievements have not been a stroke of luck. Although ceiling electric fans and chandeliers were manufactured from various plants in China, but our expertise and efficient quality check system including good

management have differed our products quality from those of rival firms. The Company's products can well capture most consumers and market continually. We thus constantly earned confidence of the consumers and enjoyed highest market shares thoroughly. As an expert in the ceiling electric fans and chandeliers and investment, we dare to say that we have passed the greatest depression and is pacing to growth once again under the cost-effective management of resources.

The company is now planning to co-invest in other businesses for sustainable profits of the shareholders and anticipates that the shareholders and general investors shall be confident in the Company and walk forward hand in hand with us.

In the name of the Executive President

Lou Chen Chung (Mr.)
President

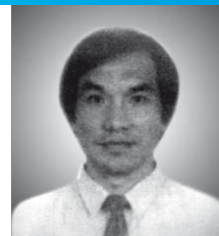


Board of Directors



Mr. Lou Jen Chung

Position	Director & President
Nationality	Taiwanese
Age	58 years
Education	Ph.D, The Electrical Engineering Department and Computer Sciences, University of California at Berkeley, USA The Master of Physics Institute National Tsing Hua University, Taiwan The Bachelor of Physics Department National Tsing Hua University, Taiwan



Number of Share - Share

Percentage of Shareholding - %

Working Experiences

Aug 1979 - Jul 1983	The Electrical Engineering Department of National Tsing Hua University, Lecturer
Jul 1983 - Dec 1989	Electrical Engineering Department of National Tsing Hua University, Associate professor
Jan 1986 - Jul 1987	Livermore Laboratory of Berkeley, University of California, Assistant Researcher
Aug 1988 - Aug 1991	Silicon Valley AMER Corporation, Cooperation Research
Sep 1988 - Jun 1991	UTIC Semiconductor Company, Ltd., Technical Development Consultant
Aug 1991 - Present	Institute of Electronics, National Chiao Tung University, Associate Professor
Oct 1996 - Present	United Microelectronics Corp., Technical and Education Training
Sep 1996 - Present	Winbond Electronics Corp., Technical and Education Technical
Feb 1997 - Present	Taiwan Semiconductor Manufacturing Co., Ltd., Technical and Education Training
Jul 1995 - Present	Macronix International Co., Ltd., Technical and Education Training
Sep 1995 - Present	The Submicron Training Program, Hsinchu Science and Industrial Park, Lecturer
Jun 1998 - Present	Semiconductor College, Industrial Development Bureau, Ministry of Economic Affairs, Coordination Executive
1997 - 2001	Applied Materials, Instructor
1999 - 2001	Technical Consultant
1996 - Present	Industrial Technology and Institute, Consultant Research Institute
1999 - Present	Wafer Resources Agency Ministry of Economic Affairs, Consultant



Mr. Tai Dann Sheng

Position	Director
Nationality	Taiwanese
Age	54 years
Education	Bachelor Degree of Taipei Commercial College, Taiwan Military University
Number of Share	- Share
Percentage of Shareholding	- %
Working Experiences	
1978 - 1979	Quality Control Product Commander Electric Mfg Co., Ltd. Taichung, Taiwan
1980 - 1985	Engineer / Standard Electric Co., Ltd. Miami, Florida, USA
1986 - 1989	General Manager Chung - Ito Electric Co., Ltd. Taichung, Taiwan
1989 - present	General Manager / Vice President Compass East Industry (Thailand) Public Co., Ltd.



Miss Dai Wen - Lee

Position	Director & Vice President
Nationality	Taiwanese
Age	51 years
Education	Science (Chemical) Tan Chiang University, Taiwan / MBA Beijing Economic Management College
Number of Share	3,555,560 Shares
Percentage of Shareholding	1.89%
Working Experiences	
1978 - 1983	Marketing Manager Standard Electric MFG. (USA)
1984 - 1989	Chairman, Greenvision National (USA)
1993 - 1996	Vice President, Tri Star Electric, (Taiwan)
1993 - Present	Vice President / Chief Executive Officer, Shi Chen Electric MFG. Works (Taiwan)



Mrs. Wu Li Yun

Position	Director
Nationality	Taiwanese
Age	46 years
Education	Department of International Trade Junior College Statute, Ming Chuan Commerce College / Taichung City, Taiwan
Number of Share	- Share
Percentage of Shareholding	- %
Working Experiences	
1984 - 1987	Marketing Manager Shi Chen Electric MFG.WORKS / Taipei, Taiwan



Miss Dai Juan Ming

Position	Director
Nationality	Chinese
Age	34 years
Education	Bachelor Degree of Market Sales Zhejiang Broad casting and Television University, China MBA Economic Beijing Economic Management College
Number of Share	- Share
Percentage of Shareholding	- %
Working Experiences	Industrious Employee The Plastic Company Limited Ui-Chow City, China



Mrs. Tai Yang Duen Chen

Position	Director
Nationality	Taiwanese
Age	53 years
Education	National Taichung Institute of Commerce Faculty of International Trade in Taiwan
Number of Share	- Share
Percentage of Shareholding	- %
Working Experiences	

1982 - 1989	Business Manager Yai Chi Enterprise Co., Ltd. Taiwan
1989 - Present	Director of Wimberly Hill Co., Ltd. (Bangkok, Thailand)
1990 - Present	Director of compass East Land & Development Co., Ltd. (Bangkok, Thailand)



Miss. Chen, Shu - Hui

Position	Independent Director / Audit Committee Chairman
Nationality	Taiwanese
Age	55 years
Education	Bachelor Degree of Business Dann Chiang University of Taiwan
Number of Share	- Share
Percentage of Shareholding	- %
Working Experiences	

1988 - 1997	Sales Manager Chiamei canned foods Co., Ltd. (Taipei, Taiwan)
1997 - Present	President of Thai Soon Food Products Co., Ltd. (Bangkok, Thailand)



Mr. Yang Chien Jen

Position	Independent Director / Audit Committee Secretary
Nationality	Taiwanese
Age	44 years
Education	Bachelor Degree of IE&M Van-Neag College, Taiwan
Number of Share	- Share
Percentage of Shareholding	- %
Working Experiences	

1990 - 1996	Manager Yang Sun Co., Ltd.
1996 - 2005	General Manager United Product International Co., Ltd.
2001 - Present	General Manager Farcent Enterprise (Thailand) Co., Ltd.



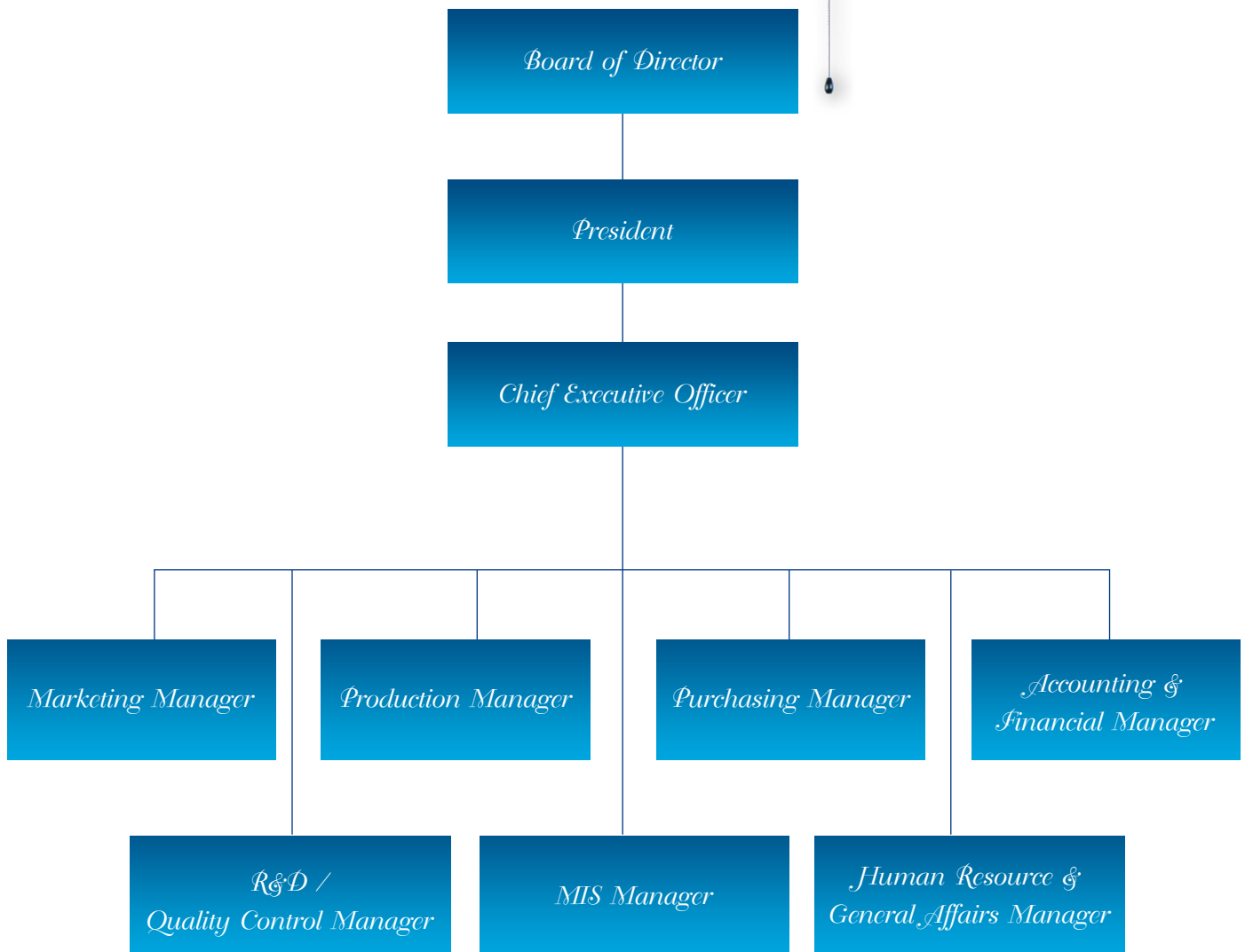
Mr. Chen Tai Heng

Position	Independent Director / Audit Committee
Nationality	Taiwanese
Age	58 years
Education	Bachelor Degree of National Cheng Hsing University, Taiwan
Number of Share	- Share
Percentage of Shareholding	- %
Working Experiences	

President Minson Enterprises (Thailand) Co., Ltd.



Organization Chart



Shareholders and Management



Major Shareholder As of November 7, 2008

Shareholders Name	Number of Share	Equity Stake (%)
1. SUMMAX INVESTMENT LIMITED*	96,033,000	51.00
2. Thai N V D R Co., Ltd	17,397,600	9.24
3. CREDIT SUISSE S SINGAPORE BRACH	11,595,600	6.16
4. Mr. Thanit Larphpanitchpoolphol	5,103,000	2.71
5. Mr. Yuhua Yan	4,421,434	2.15
6. Ms. Dai Wen-Lee*	3,555,560	1.89
7. Mr. Pisit Plukphaiboon	3,530,000	1.87
8. Ms. Suphattra Phalboonphanupong	2,209,800	1.17
9. NORBAX INC.,	1,233,000	0.65
10. Mr.Choovit Jitrsakul	1,120,000	0.59

Remark : 1.* Foreign Shareholders

Board of Directors

1. Mr. Lou Chen Chun	President
2. Ms. Dai Wen-Lee	Vice President
3. Mr. Tai Dann-Sheng	Director
4. Miss. Dai Juan Ming	Director
5. Mrs. Wu Li - Yun	Director
6. Mrs. Tai Yang Duen - Chen	Director
7. Miss. Chen, Shu - Huei	Independent Director / Audit Committee Chairman
8. Mr. Yang Chien Jen	Independent Director / Audit Committee Secretary
9. Mr. Chen Tai - Heng	Independent Director / Audit Committee



Board of Executive Directors

- | | |
|-----------------------|--|
| 1. Mr. Lou Chen Chun | President |
| 2. Ms. Dai Wen-Lee | Vice President / Chief Executive Officer |
| 3. Mr. Tai Dann-Sheng | Vice President |

Executive Officers

- | | |
|--|--|
| 1. Mr. Liang Chen-Tien | Production Manager |
| 2. Mr. Thanaseth Nantachockchaowaphunt | Quality Control Manager and R&D Manager |
| 3. Mr. Kajornsak Sinwattanakasem | Accounting Manager |
| 4. Mrs. Lin Klun Hui | Sales Marketing Manager |
| 5. Ms. Dai Juan-Ming | Purchasing Manager |
| 6. Mrs. Jenjira Sock | Human Resources and General Affair Manager |
| 7. Mr. Lertchai Kitthavornarchep | MIS Manager |



Report of the Audit Committee



The Board of Audit Committee of Compass East Industry (Thailand) PLC, had appointed Audit Committee to control and supervise financial statement of the company in order to comply to the accounting standard suitably to the business operation and to review to the company to report financial statement correctly and sufficiently with suitable internal control and efficiency to perform according to the law of securities as well as other related law. The information has been disclosed sufficiently, risk management, selection consideration and to propose to appoint the auditor of the company as well as giving importance to the performance to the principle of good governance, ethics, transparency and able to be inspected.

The Audit Committee consists of 3 independent directors of Miss Chen Shu Hui, as a chairman of audit committee, Mr. Yang Chien Jen, as a secretary of audit committee, and Mr. Chen Tai Heng, as audit committee, each person is not the administration directors or the employee of the company. The Inspection Directors have their performance and duties and responsibilities according to the charter of inspection committee approved by the meeting of Board of Committee according to the requirements of the Stock Exchange of Thailand and to report to the Board of Director of the company.

The Audit Committee acts as administer the business according to the scope of responsibilities assigned by the Board of Company with 10 times meeting and also the Audit Committee entered the meeting at 96%, the important matters of performance could be summarized as follows:

1.) Review the Financial Statement by reviewing quarter financial statement and for 2009 of Compass East Industry (Thailand) PCL., and the total financial statement of the company.

2.) To supervise and to develop internal control system by planning that the inspection shall have review with suitability with internal inspection division and related administration division in order to improve fort more efficiency to internal control.

3.) To review to risk administration system and other factor may be effected significantly to business operation of the company such as compliance to the related laws according to the principles of good governance in order to consult and exchange opinion on quality evaluation inspection in various aspects and efficiency of internal control system.

4.) To consider of appointment the auditor for 2010 with suggestions name of auditor as well as review to the auditor's qualification correctly according to the notice of SEC and SET, and also determination remuneration for 2010 to the committee in order to propose to the shareholders' meeting of the company for the resolution of appointment further.

The Audit Committee had performed duties independently from the Board of Company and Management Department with the report of meeting and report of performance to the Board of Company already.

For and on behalf of the Audit Committee

Miss Chen Su Hui
The Chief of Audit Committee



General Information



NAME	Compass East Industry (Thailand) Public Company Limited
TYPE OF BUSINESS	Manufacturer and exporter of Ceiling Fan.
HEAD OFFICE	225/324 Country Complex Tower B, 16 th Floor, Sanpavut Road Kwaeng Bangna, Khet Bangna, Bangkok 10260 Tel : 0-2361-2051 Fax : 0-2361-2062 www.ceifan.com
FACTORY	290-1 Moo 4 Sukhumvit Road, Tumbol Prakkasa, Amphur Muang Samutprakarn, Samutprakarn 10280 Tel : 0-2324-0527, 29, 31, 33-34 Fax : 0-2709-4248
AUTHORIZED SHARE CAPITAL	240,000,000 Baht (Two hundred forty million Baht)
PAID-UP CAPITAL	188,300,000 Baht (One hundred and eighty eight million three hundred thousand Baht)
PAR VALUE PER SHARE	Share Capital-common share Baht 1 par value (One Baht)
SHARE REGISTRAR	Thailand Securities Depository Company Limited 62 The Stock Exchange of Thailand Building, 4,7 th Floor Ratchadapisek Road, Kwaeng Klongtoey, Khet Klongtoey, Bangkok 10110 Tel : 0-2229-2800, 0-2654-5599 Fax : 0-2359-1262-63
AUDITOR	Mr. Jadesada Hungsapruet Karin Audit Company Limited 6 th Floor, Room B 1, Boonmitr Building, 138 Silom Road, Bangrak, Bangkok 10500 Tel : 0-2634-2484-6 Fax : 0-2634-2668
BANKER	Bangkok Bank Public Company Limited Bangkokpi Branch Bangkok Bank Public Company Limited Samutprakarn Branch Mega International Commercial Bank Public Company Limited Head Office Hong Kong and Shanghai Banking Corporation Limited Citibank, N.A. Standard Chartered Nakornthon Bank Public Company Limited Krungthai Bank Public Company Limited Sanpavut Branch Bankthai Public Company Limited Head Office Branch



Nature Of The Business



Compass East Industry (Thailand) PLC, (CEI), in the past produced the domestic ceiling lamp fan. Currently, the company imports parts of fan for assembly and distribute in Thailand. The fans of the company are emphasized to loveliness with capability of accessory and for decoration to the houses as well as office building.

Production of the company divided into 2 types in order to support the customers' needs:

- ◆ OEM (Original Equipment Manufacture), the company shall produce products as per style and requirements of customers under the customers' brand names.

- ◆ ODM (Original Design Manufacture), the company shall be a designer and product to customers. The product development department of the company shall design and develop the products all the time in order for modernity with the time changing under the trademark of the company such as Sunlight, Aire Royale and currently the company has launched the products of the company to the markets under the new brand name of "Compass East" in order to be known by those general customers.

From last year, the company had changed strategies as the followings.

- ◆ Production, the company has cancelled production line of the company by emphasized to design and control to the quality of the products ordered from both domestic and overseas by importing parts to assemble in order to reduce cost, production to the small production-size. While Horizontal Plating Machines which are used to produce electronic circuit for general electrical appliance, any customers without the investment or expansion business, so the company needs to wait for the trend to look the condition and marketing when will be grow up.

- ◆ Marketing, the company has appointed the sole distributor in Thailand; that is Culminate Airy Co., Ltd., since the company is expert on the sample of products very well with large amount of marketing channels and more customers in hand, so the Culminate Airy Co., Ltd., has maximum market shares in this products. While the company has assisted to the representative with capability to develop markets and expand customer base to increase more.

Changing in the past year

On 23 August 2002, the Tai family as the promoter of the company had bought the shares in Hunter CEI (Asia) Co., Ltd., while the directors appointed by Hunter Fan Co., Ltd., resigned from director position since 30 September 2002, therefore, the power of control of the Hunter Fan Co., Ltd., ended.



On October 2003, Air Royal Industry Co., Ltd., had dissolved its business and liquidation already. The company has expanded to Australia and in Europe by using the brand of Honey Well designed and marketed by the company.

On 13 January 2004, the company had entered to invested in Air Breeze Co., Ltd., located in People's Republic of China via Van Guard Corporation Co., Ltd., situated in Cayman Island with investment value of 3 million US Dollars. The investment is 100% of registered capital of both companies, which is equally to 3 million US Dollars.

On 4 January 2005, big customer had prosecuted for damages to the company with the accuse that the company did not follow the Purchasing Contract with calling for damages of 2.3 Million US Dollars, the results from negotiation were as follows:

- ◆ Purchasing Contract as of 31 March 2005, (The old contract due of 31 October 2005), caused the company lost this big customers.

- ◆ The company had to pay the fee, cost of prosecution as of 750,000 US\$ by subtracting from total debts unpaid by the big customer to the company.

- ◆ The company has to deliver mould and some equipment machinery, while the big customer paid at the price of 68,570 US\$.

In April 2007, CEI imported new machinery to serve the new manufacturing line but now is still pending for decision as to whether to keep on running operations or cancel the project because of current economic situation does not worth for investment. Time is needed to see future predicaments.

In January 2009, CEI decided to sell subsidiary in China due to economic depression worldwide. The subsidiary itself also sustained loss and shortage of subsidiary's liquidity and current capital led to the necessity to layoff of part of employees and sale of assets for debt repayments. Recognizing the decline beyond CEI's control power, the Management thus sold the said subsidiary to reduce possible bad effects, which the executives believed that it would make CEI in red only for short term. Revival should follow however from operating expansion to new business lines that yielded better profits.

In May 2009, CEI imported floor tiles from China for domestic sale with the aim to compensate the declined sale of the ceiling fans and chandeliers due to economic depression. This product shall lift up the sale volume in the future.



Explanation and Analysis of the Management Operational Performance



Whereas the Company has submitted its consolidated Financial Statements ending 31 July 2009; the Company's consolidated business operations for 2009 recorded Bt75.02 million in net loss despite Bt38.57 million in net profit in the same period of last year. Following are the reasons of the net loss.

1. The Company's total income decreased by Bt135.07 million or 42.70 % when compared to that of the same period of last year. The net sale dipped by Bt67.04 million or 3.12% whereas other income contracted by Bt68.02 million or 52.06 % because the Company sold its subsidiary abroad, which hence decreased the sale of the subsidiaries in quarters 3 and 4 of 2009.
2. The cost of the products sold edged down by Bt92.09 million or 46.25 % on the ground of the decreased sale because of the economic decline.
3. The Company's sale, administrative and other expenses surged by Bt70.52 million or 89.59 % owing to the following main reasons.
 - 3.1) The sale and administrative expense dipped by Bt11.58 million or 15.94% because to the increase in the provisions for products, fixed assets, receivables and plant and building maintenance and repair expenses including the decrease in the expenses of the subsidiaries after they were sold in the 2nd quarter of 2009.
 - 3.2) The loss from the sale of the investment in the subsidiary/ies was Bt51.11 million or 100% because the continued loss of the subsidiary/ies. The sale will better the Company's consolidated business operations.
 - 3.3) The loss from the sale of the temporary investment was Bt9.60 million or 100% because of the decline of the share prices in The Stock Exchange of Thailand following the receding economy and politics. The sale of the Stock at lower prices might reduce the interest expense.
 - 3.4) The loss from the sale of the fixed assets climbed up by Bt27.43 million or 100% because they were machinery designed for specific works but no longer used and hence depreciation calculation had been stopped, leaving its account value was higher than the actual market price.



- 3.5) The loss from the change of the investment amount in the securities for commercial purpose contracted by Bt6.03 million or 100 % because of the better trend of the investment in the securities for commercial purpose than the earlier year.

Financial Ratio

Highlight of Financial Ratio Based on 2009 Statements:

Return on Equity Ratio (%)	-11.23
Return on Asset (%)	-9.95
Assets to Total Liabilities Ratio (Times)	8.75
Debt to Equity Ratio (Times)	0.13
Asset Turnover (Times)	0.16

Future Trend

In 2009, the horizontal plating machines manufacturing for use in electronic circuit boards of general electrical appliances was still stagnant without investment or expansion owing to the electronic and electrical industries' pending for better business atmosphere and market growth. The customers are now resizing their manufacturing capacities, it is therefore difficult to propose any additional investment to those customers. CEI however is seeking new business for high yielding investment with low risks in the future.

In August 2009, CEI made 10% investment in Water Resource Siam Co. Ltd. by purchasing such investment from former shareholders at 49.95 baht total 450,000 shares at book value 100 baht/share, CEI already paid up 33.75 m. baht and the outstanding 16.20 m. baht would be paid within September 2009 and all Share Certificates were already transferred to CEI in August 2009.

Industrial and Competition Situations

The world economic depression has also impacted global manufacturing sectors particularly in China where CEI made investments, has sustained great damage. The shortage of subsidiary's liquidity and current capital led to the necessity to layoff of part of employees and sale of assets for debt repayments. Recognizing the decline beyond CEI's control power, the Management thus sold the said subsidiary to reduce possible bad effects, which the executives believed that it would make CEI in red only for short term. Revival should follow however from operating expansion to new business lines that yielded better profits.

CEI's businesses were striving to survive the economic recession. Competition in such business was therefore considered as competed against itself in order to adjust the strategies and cut costs whereas efficiency needed to be increased to reach excellence.

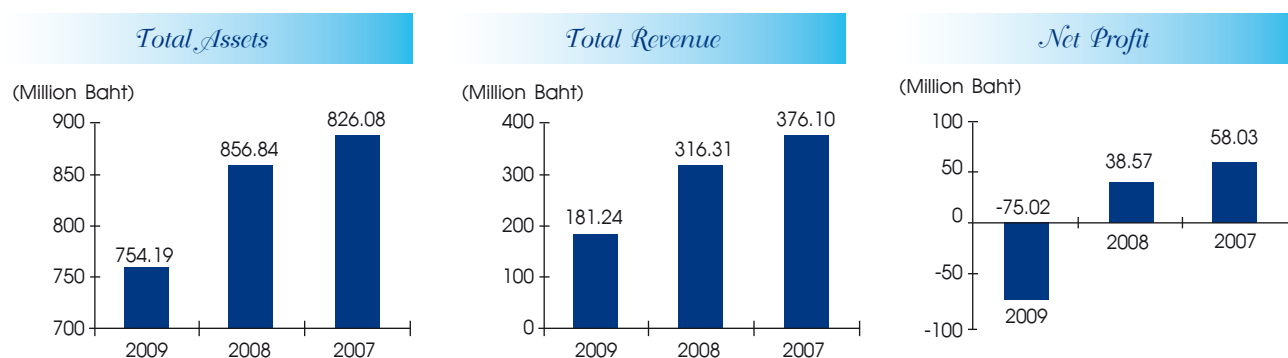


Risk Factors



The Company is exposed to normal business risks from changes interest rates and currency exchange rates and from nonperformance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

The Company's financial assets comprises of cash and cash equivalents, current investments, trade accounts receivable and inventories which are liquid and able to sell at close to this fair value.



Income Structure

	2009		2008		2007	
	Million Baht	%	Million Baht	%	Million Baht	%
Net Sales	118,584	65.43	185,629	58.69	175,521	46.37
Other Income	62,653	34.57	130,677	41.31	200,581	53.33
Total	181,236	100.00	316,306	100.00	376,102	100.00

Interest rate risk

The interest rate risk is the risk that future movements in market interest rate will affect the results of the Company's operations and its cash flows. The Company's exposure to interest rate risk relates primarily to its deposits and bills of exchange with financial institutions. Since the majority of these financial assets are short term, the Company does not use derivative financial instruments to hedge such risk.

Foreign currency risk

The Company is exposed to foreign currency risk relates primarily to its payables, which are denominated in foreign currencies. The summary of Company's foreign currency denominated payables as at July 31, 2009 amounted of USD 1.38 million, which have not been hedged against foreign exchange rate risk.



Credit risk

The Company is exposed to credit risk primarily with respect to a few of trade accounts receivable. The management of the Company believes that the maximum exposure to credit risk is limited to the net book value as stated in the balance sheet.

Fair value

The significant carrying values of financial assets and liabilities approximate to theirs fair value.

Power and Duties of the Board of Directors

1. To carry out its duties in accordance with the Company's laws, objectives and regulations, including resolutions of shareholders' meeting, in accordance with the law, with integrity, ethically, prudently and with due regard to the Company's best benefits.
2. To arrange for a shareholders' meeting to held at least once a year, to report to shareholders on the Company's performance and to seek shareholders' approval for matters which exceed the authority or duties of the board of directors.
3. To hold a meeting of the Board of Director at least once every three months.
4. To take all necessary steps to ensure that financial and other information provided to shareholders is at all times correct, complete and transparent.
5. To ensure that the Company has efficient internal control and audit systems in place.
6. To consider and make decisions on important matters such as policies, business plans, administrative powers, large investment projects, related party transactions, acquisitions or disposals of assets of the listed company as covered by the regulations of the Stock Exchange of Thailand, and any other matters stipulated by law.
7. To ensure that the Company's business dealings are carried out in an ethical manner.
8. The board of Directors may delegate its power and duties to one of more Directors or to other individual(s) as it sees fit, authorizing such persons to act on its behalf with whatever power and duties it may chose to assign.
9. The Board of Directors has the power to appoint and to change authorized signatories empowered legally to bind the Company on its behalf.

Power and Duties of the Executive Board

1. The Executive Board is designated with the authority to operate in accordance with the Board of Director's policies, which In turn defer to Laws, the conditions, rules and regulations of the Company, with the exception of issues which the Law specifies as requiring the authorization of Shareholders' Meetings.
2. The Executive Board has the right to formulate, propose and determine business directive policies and strategies to the Board of Directors.
3. The Board may prepare business plans; specify management powers; including annual expenditure budgets; and generally conduct activities in line with the business plans and strategies to complement the policies and directives presented to the Board of Directors.



4. Conduct business relating to the general management of the Company, with the exception of related transactions and the acquisition/divestiture of significant public listed company assets, which are to be conducted in accordance with the regulations of the Stock Exchange of Thailand.
5. The Board of Director who has any related transaction may be conflict of the Company or Subsidiary company's benefit or other, the Board of Director who related in which issue, he or her will without the privilege to vote in the issue and also cannot vote in the issue too.

Powers and Duties of the Audit Committee

1. The Audit Committee has the duty to review that the Company's financial reportage is accurate and discloses sufficient information, by coordinating the viewpoints of the corporate auditors, the Board of Directors and the Internal Audit Office into a unified direction.
2. The selection and proposal of appointment of the Company's auditors, including the annual audit fees for authorization by the Shareholders Meeting.
3. Determine the level of significant risk and measures for reducing such risk, from management, the internal audit office and auditors.
4. Conduct a joint review in association with the auditors and Internal Audit Office as to the sufficiency of internal controls systems.
5. Oversee that the Company's operations comply with predetermined policies, or Laws relating to securities and the Stock Exchange, announcements of the Stock Exchange or regulations of other governing bodies.
6. Review the financial statements and notes to the financial statements together with the management team, the auditors and the Internal Audit Office prior to submission to the relevant governing body.
7. The Preparation of a report acknowledging the responsibility and operations of the Audit Committee presented to the Board of Directors and included in the Company's Annual Report.
8. Additional duties to those mentioned may be assigned in accordance with the corporate regulations, law, or instructions of the Board of Directors.

Nomination of Directors and Executives

The nomination of candidates for the positions of Director in the Company is not processed by a Nomination Committee, since the Company has not yet established such a committee. Nonetheless, the Board of Directors selects candidates with the requisite qualifications, knowledge, skills and relevant experience for the benefit of the Company. The selection process takes into account the candidates' qualifications with respect to Measure 68 of the Public Companies Act to 1992 and announcements of the Securities Exchange of Thailand relating to the nomination of Company Directors.

The appointment of candidates is conducted at the shareholders' Meetings as follows.

- ◆ Each shareholder shall have one vote for one share.
- ◆ Each shareholder may exercise all the votes he or she elect one or several persons as director(s) but the shareholder may not Allot his or her vote to any director more or less than the others notwithstanding any other provisions under the Articles of Association which are contrary to these



Articles. Any provisions under this Articles of Association shall not be construed as entitling the shareholders to elect the directors by cumulative voting.

- ◆ The persons who received highest votes in order appointed to be the directors are equivalent the number of elect director(s) at that time. In case of the persons who received inferior votes are equivalent and more than the number of elect directors, Assign the Chairmen should issue the decisive vote.

Remuneration for the Executive

Directors have the privilege to receive the remuneration in type of reward, meeting allowance, pension, bonus or other benefits with the regulations of the company or resolution of shareholder's meeting. At all events the remuneration may be fixed amount or Indicate to the regulations for the consideration per time or along time until to have the transformation. Furthermore, the Executives have the privilege to get the regulations allowance and other welfare from the company.



Report on 15 Principles of Good Corporate Governance



1. Policy on Corporate Governance

The board of directors recognizes the importance of good corporate governance. In order to increase clarity, ability of corporate competition, shareholders, investors and all parties' confidence, the company has established policies of corporate governance, which include main principles as follows.

- ◆ Rights and equitable treatments shareholders and various groups of stakeholders.
- ◆ The board of directors is determined to increase significant value-added to the company in long term.
The board will manage the company with sufficient efficiency in order to increase maximum benefit to the shareholders. The board is responsible to prevent conflict of interest and take full responsibility in all actions and its decisions made.
- ◆ Manage the business with clarity and is always ready to go through audit check. The board of directors must have information disclosure and transparency.
- ◆ Manage the business with risk management in mind as well as controlling system.
- ◆ The company maintains business ethics for the board of directors and staffs to follow.

2. Shareholders : Rights and Equitable Treatment

In 2009, the company held a shareholders meeting on November 20, 2009, on the company's premises. The company sent out a meeting notice as well as the agenda attached for the meeting. For each meeting, the shareholders must acknowledge the meeting 7 working days prior to each meeting there is an attachment of the board of director's feedback as well as the meeting minutes. The company has prepared a power of attorney letter as per the Department of Business Development and the Ministry of Commerce for the shareholders who would like to assign replacements to attend the meeting in their regards in case the shareholders are unable to attend the meeting.

3. Various Group of Stakeholders

In its pursuit for sustainable growth and financial returns for its shareholders, the company strives to become a role model corporate citizen. It respects the rights of all its stakeholders and conducts its operations fairly and strictly in compliance with all laws, rules and regulations.

4. Shareholders' Meetings

In 2009 the Company held one Shareholders' Meeting which is the Annual General Meeting. In the conduct of the meeting the Chairman encouraged shareholders to express their opinions or raise questions if they has any. Ample time was set-aside for these sessions so that all shareholders present were given opportunities to address the meeting.



5. *Leadership and Vision*

The Board of Directors oversees the business affairs of the Company by reviewing and approving the Company's strategic plans, key operation initiatives, major investments, funding decisions and financial performance. These functions are carried through various executive and board committees as well as by means of a system of delegation of authority to senior management.

The Board of Directors has put in place internal control policies in which financial, operations, compliance controls and risk management are effectively and effectively incorporated in the Company's operations. The Internal Audit Department monitors, reviews and checks that such policies are adhered to and reports its findings and recommendations directly to the Audit committee who in turn discusses such matters at Board meetings.

6. *Conflict of Interests*

The boards of directors prevents conflict of interests by establishing policies that object the management and people concerned to take the company's information to be used for their personal interests as follows.

- ◆ List of possible conflict of interests - the board acknowledges the possible conflict of interests and all related possibilities and has considered appropriate way to prevent it by following the rules and regulations of the Securities and Exchange Commission, with conditions and prices similar to outsiders transactions and has exhibited the information and the value of the contract in the annual report and the form 56-1
- ◆ Supervision of the use of internal information
 - The management has to report any change of stock ownership to the Office of the Securities and Exchange Commission as per to clause 59 of SEC act 1992.
 - The management and people concerned who receive insider information are forbidden to expose information to outsiders prior to the public release of the financial statement.

7. *Business Ethics*

The company maintains the company's rules according the management and employee's corporate code of conduct so that all people involved maintain this code as direction in performing their duties with loyalty, honestly, fairness, to the company and to the stakeholders, community and the society. All people concerned acknowledge and agree to follow this code. The company keeps regularly communication with the employees and follows up there actions towards this direction, including establishing disciplinary actions.



8. Balance of Power for Non-Executive Directors

The Board of Director of the Company is made up of nine persons: four executive directors and three independent directors. The number of independent directors sitting in the board accounts for one-third of the board and thus strikes a fair balance in the board's composition. Names and number of directors empowered to sign on behalf of the Company are Miss Dai Wen Lee or Mr. Tai Dann Sheng or Miss Dai Juan Ming together two person with the Company's seal affixed.

9. Aggregation or Segregation of Positions

Although the Company finds it appropriate for the Chief Executive Officer to also be appointed as Chairman of the Board, the Company is sensitive in giving excessive power and authority to a single individual and therefore requires all strategic decisions to approved by the Board of Directors.

10. Remuneration for Directors and the Management

The Company is careful in giving competitive, but not excessive, remuneration to its directors and management so as to attract and retain highly qualified personnel and has consistently used the industry practice as a guideline.

Remuneration for Directors is approved by shareholders at each annual general meeting. Independent directors/ director who take on the additional responsibility of being a member of the Audit Committee and/or Remuneration Committee are each paid an additional fee.

Annual review of management remuneration is based on the performance of the Company and performance of the individual employee.

Remuneration paid to individual directors of the Board and management is disclosed in this 2009 annual report under the topic "Remuneration & Other Benefits of the Directors and Shareholdings of Directors and Executives" and "Management Remuneration"

11. Board of Directors' Meeting

The Board of Directors' meet at least 4 times annually and additional meetings are called as and when necessary. Notices for meetings are sent well in advance along with the agenda and necessary information to give directors ample time to prepare themselves for productive discussions. A typical meeting lasts one to two hours. Minutes of all meetings are meticulously documented and are given to all directors for their approval. All minutes are systematically filed by the company secretary and can be easily retrieved whenever required.

12. Committees

The Board of Directors sets top priority to good governance to meet the international standard and compliance with the policy of the Stock Exchange of Thailand by establishing Audit Committee, Remuneration Committee and Nomination Committee to oversee the management of the company.



The Audit Committee is an important component of good governance policy comprising of 3 independent directors who meet the qualifications of the Stock Exchange of Thailand. The duty of the Audit Committee are to perform according to the Audit Committee regulations and to the direction of the Board of Directors, including auditing financial statement for their accuracy and transparency.

13. Control and Internal Audit

- ◆ Both Internal Audit and Legal Affairs Department are assigned the responsibility of monitoring the Company's operations whether it is in compliance with the laws and other requirement including the objectives of the Company.
- ◆ The Management holds regular and frequent meetings to review the Company's business performance and other problems, which arise and need corrective action.

14. Report by The Board of Directors

The Board of Directors is responsible for the Company's financial statements and other information as shown in the annual report . Such financial statements are prepared in accordance with generally - accepted accounting standards and other reporting requirements, and also significant Information to support the financial statements which are adequately provided.

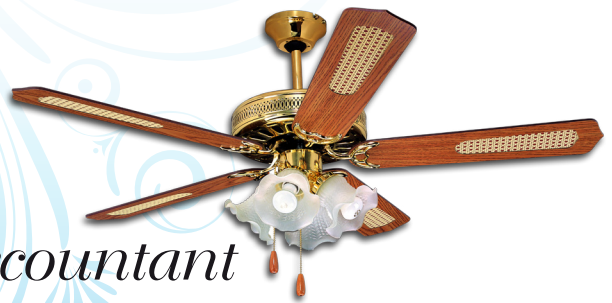
The Audit Committee has been assigned to comment on the quality of financial reports and effectiveness of the control system in the Audit committee's reports which also goes into the Company's annual report.

The Board of Director thought that control and internal audit systems of the Company has proven satisfactory and hence the Consolidated and Company Financial Statement as at July 31, 2009 presented accurate and reliable information.

15. Relations With Investors

The board of directors recognizes that the company's information, financial or non-financial, both have effect to the company's investors and stakeholders' decision-making. The board of directors should ensure that the company discloses important information correctly, timely and transparently, which the management has always considered important, On the subject of relations with the investors, the company has not yet provided a special investor relations unit, as the activities in this department are still not sufficient to create a new division. However, the company has appointed the financial controller to act as the coordinator in communicating relevant information to individual investor, shareholders, stock analysts and state agencies. For more information click www.ceifan.com





Report of Certified Public Accountant

To the Shareholders of Compass East Industry (Thailand) Public Company Limited

I have audited the accompanying separate balance sheet as at July 31, 2009, the related consolidated and separate statements of income, changes in shareholders' equity and cash flows for the year ended July 31, 2009 of Compass East Industry (Thailand) Public Company Limited and its subsidiaries and of Compass East Industry (Thailand) Public Company Limited. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated and separate financial statements for the year ended July 31, 2008 of Compass East Industry (Thailand) Public Company Limited and its subsidiaries and of Compass East Industry (Thailand) Public Company Limited, were audited by another auditor and expressed an unqualified opinion on those statements, under the report dated September 24, 2008, but draw attention that the Company ceased its operation of ceiling fans with a main customer. Consequently, the Company incurred loss from continued operations for the years 2005 and 2006. Apart from this, during 2007, the Company invested in machinery installation which used in the production of horizontal plating machines for the use in electric circuit for general electric appliance. Meanwhile, the Company is finding out customers for the new products. Apart from this, the management

is under the consideration of guidance in the business investment in respect of energy saving equipment. As a result, ability in continued operation of the Company is dependent on ability in profit making in the future. Such situation is reflected by uncertainty which is material that may cause substantial doubt in respect of ability in continued operation of the Company. Therefore, the Company may not be able to call for asset return and debt repayment according to the normal course of business.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position as of July 31, 2009 of Compass



East Industry (Thailand) Public Company Limited, and the results of operations and cash flows for the year then ended of Compass East Industry (Thailand) Public Company Limited and its subsidiaries, and of Compass East Industry (Thailand) Public Company Limited, respectively, in accordance with generally accepted accounting principles.

I draw attention to the Note no. 2 to the financial statements that the Company ceased its operation of ceiling fans with a main customer. Consequently, the Company incurred loss from operation since 2005 to present. Apart from this, during 2007, the Company invested in machinery which used in the production of horizontal plating machines for the use in electric circuit for general electric appliance. Presently, the Company is finding out customers for the new product. This results the Company still in ceiling fans business, but has only a major customer, which is a related company. As a result, ability in continued operation of the Company is dependent on ability in profit making and ability of such major customer in the future. Such situation is reflected by uncertainty which is material that may cause substantial doubt in respect of ability in continued operation of the Company.

I draw attention to the Note no. 10 to the financial statements, on January 30, 2009, the Company entered into a sale contract with an outsider ("Purchaser"), who was a Company's chairman of

audit committee, to sell a direct subsidiary at a price of Baht 10 million. On the agreement date, a purchaser agrees to pay 50% of total value, the rest is repayable in 4 equal quarterly installments up to January 2010. This resulted in loss from sale of investment for the year ended July 31, 2009, amounting to approximately Baht 51.11 million and Baht 63.80 million in the consolidated and separate financial statements, respectively. As of July 31, 2009, the purchaser had outstanding debt of Baht 2.46 million and this debt is guaranteed by a foreign branch of a financial institution. I also draw attention to the Note no. 11 to the financial statements, during the year ended July 31, 2009, an indirect subsidiary has sale a substantial portion of its fixed assets with the selling price of Baht 22.48 million. This resulted loss on sales of fixed assets of Baht 18.17 million. The sale value of investment and fixed assets are agreed by sellers and purchasers, which are not appraised by the independent neither any other appraised procedures.



(Mr. Jadesada Hungsapruerk)
Certified Public Accountant
Registration No. 3759

Karin Audit Company Limited
Bangkok, Thailand
September 18, 2009

Balance Sheets

Compass East Industry (Thailand) Public Company Limited And Subsidiaries

As At July 31, 2009 And 2008



(Unit : Baht)

		Consolidated	Separate financial statements	
	Note	July 31, 2008	July 31, 2009	July 31, 2008
ASSETS				
Current Assets				
Cash and cash equivalents		400,576,099	342,545,500	399,194,592
Current investments, net	6	14,525,000	5,600,500	14,525,000
Trade accounts receivable				
- related party, net	5.3	50,419,828	40,359,611	50,419,828
- other parties, net	7	25,058,380	-	-
Other receivables				
- related party, net	5.3	1,947,347	616,679	1,947,347
- other parties	10	9,149,856	3,097,569	9,149,856
Short-term loans to other parties	8	-	94,237,000	-
Inventories, net	9	52,526,440	34,880,776	22,538,213
Refundable value added tax		8,366,168	-	7,277,606
Other current assets		8,271,875	7,166,713	5,888,327
Total Current Assets		570,840,993	528,504,348	510,940,769
Non-Current Assets				
Investment in a subsidiary, net	10	-	-	73,795,595
Property, plant and equipment, net	11	181,790,343	137,023,555	135,457,458
Land and buildings for rent, net		88,890,513	84,824,773	88,890,513
Machinery and equipment held for sale, net		13,578,263	113,152	13,578,263
Other non-current assets		1,736,127	3,726,584	1,736,127
Total Non-Current Assets		285,995,246	225,688,064	313,457,956
Total Assets		856,836,239	754,192,412	824,398,725

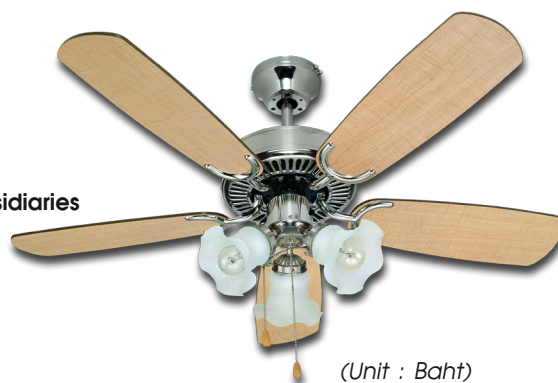
Notes to financial statement are an integral part of these financial statements



Balance Sheets (Continued)

Compass East Industry (Thailand) Public Company Limited And Subsidiaries

As At July 31, 2009 And 2008



(Unit : Baht)

		Consolidated	Separate financial statements	
	Note	July 31, 2008	July 31, 2009	July 31, 2008
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Trade accounts payable				
- related parties	5.3	49,396	22,607	1,684,371
- other parties		23,046,332	6,754,624	3,462,709
Payable for acquisition of machinery		33,207,961	34,603,597	33,207,961
Other payables		13,152,303	13,437,424	13,152,303
Provision for contingent liabilities	12	21,286,994	21,286,994	21,286,994
Other current liabilities	5.3	9,760,734	6,803,817	7,947,515
Total Current Liabilities		100,503,720	82,909,063	80,741,853
Non-Current Liability				
Rental deposits received from customers		3,390,000	3,296,075	3,390,000
Total Non-Current Liability		3,390,000	3,296,075	3,390,000
Total Liabilities		103,893,720	86,205,138	84,131,853

Notes to financial statement are an integral part of these financial statements



Balance Sheets (Continued)

Compass East Industry (Thailand) Public Company Limited And Subsidiaries

As At July 31, 2009 And 2008



(Unit : Baht)

	<i>Consolidated</i>		<i>Separate financial statements</i>	
<i>Note</i>	<i>July 31, 2008</i>	<i>July 31, 2009</i>	<i>July 31, 2008</i>	
Shareholders' Equity				
Share capital				
Authorized share capital				
240,000,000 ordinary shares, at Baht 1 par value	240,000,000	240,000,000	240,000,000	
Issued and paid up share capital				
188,300,000 ordinary shares, at Baht 1 par value	188,300,000	188,300,000	188,300,000	
Premium on share capital	410,350,000	410,350,000	410,350,000	
Revaluation surplus on land	95,721,579	95,721,579	95,721,579	
Foreign currency translation	3,093,598	-	-	
Retained earnings (deficits)				
- Appropriated - legal reserve	24,000,000	24,000,000	24,000,000	
- Unappropriated	31,477,342	(50,384,305)	21,895,293	
Total Shareholders' Equity	752,942,519	667,987,274	740,266,872	
Total Liabilities and Shareholders' Equity	856,836,239	754,192,412	824,398,725	

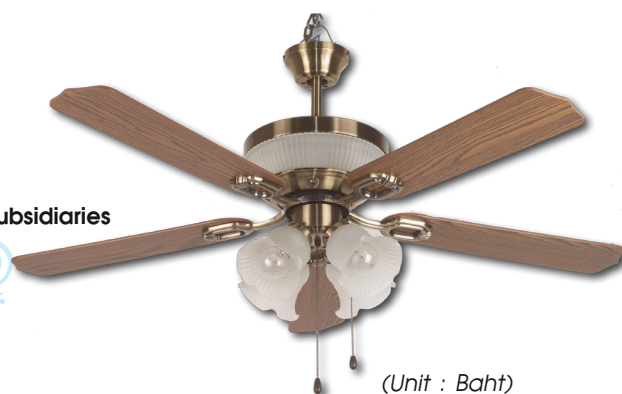
Notes to financial statement are an integral part of these financial statements



Statements of Income

Compass East Industry (Thailand) Public Company Limited And Subsidiaries

For the Years Ended July 31, 2009 And 2008



(Unit : Baht)

		Consolidated		Separate financial statements	
	Note	2009	2008	2009	2008
REVENUES					
Sales	5.2	118,583,760	185,629,388	72,280,113	66,871,406
Rental income	5.2	28,608,846	19,594,505	28,608,846	19,594,505
Interest income	5.2	14,985,758	13,914,497	14,985,758	13,914,497
Gain on disposal of assets		-	27,361,883	-	27,395,168
Gain on changing in trading securities		5,076,746	-	5,076,746	-
Reversal of allowance for diminutions in value of inventories		-	58,607,307	-	58,607,307
Reversal of allowance for impairment loss on machinery and equipment		6,857,033	-	6,857,033	-
Reversal of long-outstanding trade accounts payable		-	5,817,399	-	5,817,399
Other income		7,124,230	5,381,083	6,688,991	5,942,818
Total Revenue		181,236,373	316,306,062	134,497,487	198,143,100

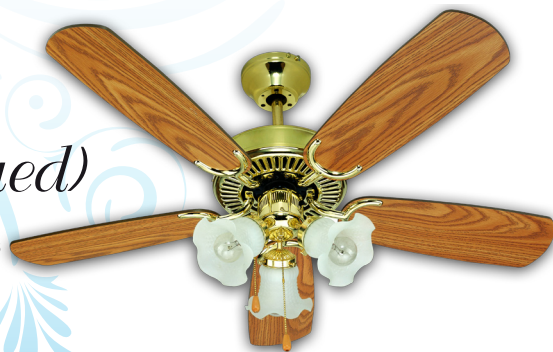
Notes to financial statement are an integral part of these financial statements



Statements of Income (Continued)

Compass East Industry (Thailand) Public Company Limited And Subsidiaries

For the Years Ended July 31, 2009 And 2008



(Unit : Baht)

		Consolidated		Separate financial statements	
	Note	2009	2008	2009	2008
EXPENSES					
Cost of sales	5.2	106,963,326	198,984,435	61,280,558	99,631,629
Selling and administrative expenses	5.2	61,091,232	72,675,717	47,734,837	50,790,669
Loss on sale of investment in a subsidiary	10	51,105,368	-	63,795,595	-
Loss on sales of current investments		9,605,743	5,411	9,605,743	5,411
Loss on sales of assets	11	27,428,221	-	9,255,852	-
Loss on changing in trading securities		-	6,030,334	-	6,030,334
Total Expenses		256,193,890	277,695,897	191,672,585	156,458,043
Profit (Loss) before Interest Expense		(74,957,517)	38,610,165	(57,175,098)	41,685,057
Interest expense		63,373	37,324	40,500	9,592
Net Profit (Loss)		(75,020,890)	38,572,841	(57,215,598)	41,675,465
Basic earnings (loss) per share		(0.40)	0.20	(0.30)	0.22
Weighted average number of ordinary shares (unit : shares)		188,300,000	188,300,000	188,300,000	188,300,000

Notes to financial statement are an integral part of these financial statements



Statements of Change in Shareholders' Equity

Compass East Industry (Thailand) Public Company Limited And Subsidiaries

For the Years Ended July 31, 2009 And 2008



(Unit : Baht)

Consolidated							
Note	Issued and paid-up share capital	Premium on share capital	Revaluation surplus on land	Foreign currency translation	Retained earnings (deficits)		Total
					Appropriated - legal reserve	Unappropriated	
Balance as at August 1, 2007	188,300,000	410,350,000	95,721,579	(4,813,827)	24,000,000	(7,095,499)	706,462,253
Foreign currency translation adjustments	-	-	-	7,907,425	-	-	7,907,425
Net profit for the year	-	-	-	-	-	38,572,841	38,572,841
Balance as at July 31, 2008	188,300,000	410,350,000	95,721,579	3,093,598	24,000,000	31,477,342	752,942,519
Foreign currency translation adjustments	-	-	-	5,129,645	-	-	5,129,645
Net loss for the year	-	-	-	-	-	(75,020,890)	(75,020,890)
Dividend payment 13	-	-	-	-	-	(15,064,000)	(15,064,000)
Decreasing in foreign currency translation adjustments resulting from sale of investment in a subsidiary 10	-	-	-	(8,223,243)	-	8,223,243	-
Balance as at July 31, 2009	188,300,000	410,350,000	95,721,579	-	24,000,000	(50,384,305)	667,987,274

Notes to financial statement are an integral part of these financial statements



Statements of Change in Shareholders' Equity (Continued)

Compass East Industry (Thailand) Public Company Limited And Subsidiaries

For the Years Ended July 31, 2009 And 2008



(Unit : Baht)

Separate financial statements

Note	Issued and paid-up share capital	Premium on share capital	Revaluation surplus on land	Retained earnings (deficits)		Total
				Appropriated - legal reserve	Unappropriated	
Balance as at August 1, 2007	188,300,000	410,350,000	95,721,579	24,000,000	(19,780,172)	698,591,407
Net profit for the year	-	-	-	-	41,675,465	41,675,465
Balance as at July 31, 2008	188,300,000	410,350,000	95,721,579	24,000,000	21,895,293	740,266,872
Net loss for the year	-	-	-	-	(57,215,598)	(57,215,598)
Dividend payment	13	-	-	-	(15,064,000)	(15,064,000)
Balance as at July 31, 2009	188,300,000	410,350,000	95,721,579	24,000,000	(50,384,305)	667,987,274

Notes to financial statement are an integral part of these financial statements

Statements of Cash Flows

Compass East Industry (Thailand) Public Company Limited And Subsidiaries

For the Years Ended July 31, 2009 And 2008



(Unit : Baht)

		Consolidated		Separate financial statements	
	Note	2009	2008	2009	2008
Cash Flows from Operating Activities					
Net profit (loss)		(75,020,890)	38,572,841	(57,215,598)	41,675,465
Adjustments to reconcile net profit (loss) to net cash provided by (used in) operating activities :					
Depreciation and amortisation		13,249,715	21,458,075	9,641,161	11,592,616
Allowance for doubtful accounts		10,002,403	9,095,903	10,002,403	8,824,751
Reversal of allowance for diminutions in value of inventories		-	(58,607,307)	-	(58,607,307)
Reversal of allowance for impairment loss on machinery and equipment		(6,857,033)	-	(6,857,033)	-
Reversal of long-outstanding trade accounts payable		-	(5,817,399)	-	(5,817,399)
Loss (gain) on disposal of current investments		9,605,743	(5,411)	9,605,743	(5,411)
Loss (gain) on changing in trading securities		(5,076,746)	5,583,359	(5,076,746)	5,583,359
Unrealised loss (gain) on foreign exchange		2,111,082	(380,491)	2,111,082	(352,169)
Loss (gain) on disposal of assets		27,428,221	(27,361,883)	9,255,852	(27,395,168)
Loss on sale of investment in a subsidiary	10	51,105,368	-	63,795,595	-
Interest income		(14,985,758)	(13,914,497)	(14,985,758)	(13,914,497)
Interest expense		63,373	37,324	40,500	9,592
Profit (loss) from operating activities before change in operating assets and liabilities		11,625,478	(31,339,486)	20,317,201	(38,406,168)
(Increase) decrease in operating assets					
Trade accounts receivable					
- Related party		46,942	(16,508,353)	46,942	(16,508,353)
- Other parties		(1,463,711)	6,566,106	-	3,690

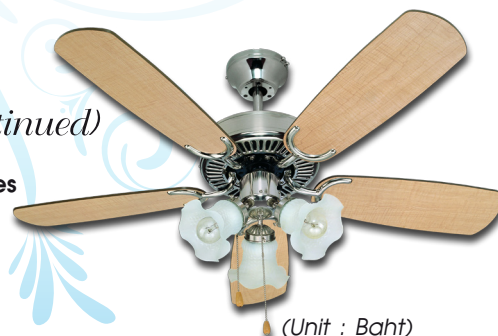
Notes to financial statement are an integral part of these financial statements



Statements of Cash Flows (Continued)

Compass East Industry (Thailand) Public Company Limited And Subsidiaries

For the Years Ended July 31, 2009 And 2008



(Unit : Baht)

		Consolidated		Separate financial statements	
	Note	2009	2008	2009	2008
Other receivables					
- Related party		1,330,668	368,284	1,330,668	368,284
- Other parties		8,518,549	9,772	8,518,549	9,772
Inventories		(4,594,496)	30,468,018	(12,342,563)	56,502,986
Refundable value added tax		7,719,254	(6,853,922)	7,277,606	(6,755,441)
Other current assets		2,044,684	183,122	1,403,991	(830,534)
Other non-current assets		(48,800)	54,601	(48,800)	54,601
Increase (decrease) in operating liabilities					
Trade accounts payable					
- Related parties		(26,789)	49,396	(1,661,764)	1,684,371
- Other parties		690,641	(6,149,222)	2,992,536	(9,035,098)
Other payables		(130,945)	444,780	(130,945)	444,780
Provision for contingent liabilities		-	(7,334,857)	-	(7,334,857)
Other current liabilities		(1,476,912)	(1,891,840)	(1,500,882)	(1,895,371)
Rental deposits received from customers		(93,925)	3,390,000	(93,925)	3,390,000
Income tax paid		(1,578,039)	(686,892)	(1,578,039)	(686,892)
Net Cash Flows Provided by (Used in)					
Operating Activities		22,562,599	(29,230,493)	24,530,575	(18,994,230)
Cash Flows from Investing Activities					
Decrease in current investments		4,395,503	323,876,077	4,395,503	323,876,077
Cash paid for short-term loans to other parties		(94,237,000)	-	(94,237,000)	-
Proceeds from sale of equity securities		-	-	7,544,609	-
Net cash outflow on sale of investment in a subsidiary	10	(14,546,692)	-	-	-

Notes to financial statement are an integral part of these financial statements



Statements of Cash Flows (Continued)

Compass East Industry (Thailand) Public Company Limited And Subsidiaries

For the Years Ended July 31, 2009 And 2008



(Unit : Baht)

		Consolidated		Separate financial statements	
	Note	2009	2008	2009	2008
Proceeds from disposal of fixed assets		26,733,844	60,624,962	4,251,142	60,353,712
Cash paid for purchase of fixed assets		(116,069)	(4,209,739)	(83,785)	(2,496,926)
Interest received		12,044,291	13,509,933	12,044,291	13,509,933
Net Cash Flows Provided by (Used in) Operating Activities		(65,726,123)	393,801,233	(66,085,240)	395,242,796
Cash Flows from Financing Activities					
Interest paid		(63,373)	(37,324)	(40,500)	(9,592)
Dividend paid		(15,053,927)	-	(15,053,927)	-
Net Cash Flows Used in Financing Activities		(15,117,300)	(37,324)	(15,094,427)	(9,592)
Effects of exchange rate changes on cash and cash equivalents		250,225	125,890	-	-
Net Increase (Decrease) in Cash and Cash Equivalents		(58,030,599)	364,659,306	(56,649,092)	376,238,974
Cash and Cash Equivalents at Beginning of the Year		400,576,099	35,916,793	399,194,592	22,955,618
Cash and Cash Equivalents at Ending of the Year		342,545,500	400,576,099	342,545,500	399,194,592

Supplemental disclosures of cash flow information :

1. Cash and cash equivalent consist of

Cash and deposits at financial institutions	19,545,500	15,576,099	19,545,500	14,194,592
Bills of exchange	323,000,000	385,000,000	323,000,000	385,000,000

Total	342,545,500	400,576,099	342,545,500	399,194,592
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2. Non-cash transactions

- 2.1 During the year ended July 31, 2009, the Company has sold all of investment in its subsidiary company at a price of Baht 10 million of which Baht 7.54 million has been received.
- 2.2 During the year ended July 31, 2008, the Company wrote-off bad debt of trade accounts receivable-related company of Baht 0.55 million and trade accounts receivable-other company of Baht 1.39 million, and disposed the machinery whereby the Company has not received money of Baht 9.15 million.

Notes to financial statement are an integral part of these financial statements

Notes to The Financial Statements

Compass East Industry (Thailand) Public Company Limited And Subsidiaries

July 31, 2009 And 2008



1. General information

Compass East Industry (Thailand) Public Company Limited ("the Company") is a public limited company and is incorporated in Thailand. The Company is listed on the Stock Exchange of Thailand. The registered head office is located on 225/324 Country Complex, B Building, 16th Floor, Sanpawuth, Bangna, Bangkok, and plant is located on 290-1 Moo 4, Bangpoo Industrial Estate Soi 5, Sukhumvit Road, Prakkasa, Muang, Samutprakarn.

The principal activities of the Company and subsidiaries involve the manufacture and distribution of ceiling fan.

2. Going concern basis

A major customer ceases its joint operation due to the Company noncompliance with the contract to purchase and sell of ceiling fans at the beginning year 2005. As a result, the Company faces losses from continued operations since 2005. The Company's management has rectified such situation by the reduction production capacity, disposal of land and some machinery and equipment including the reduction of staff number in the ceiling fan production. During the year 2007, the Company invested in machinery which used in horizontal plating machines for the use in the electric circuit for general electric appliance. Presently, the Company is finding out customers for the new products. Since the ceasing of joint operation of the said major customer and find out customers for the new products investments are still managements, meanwhile, the Company joint operation with only a major customer, a related company. As a result, ability in continued operation of the Company is dependent on ability in profit making of the Company and distribution ability of such major customer in the future.

The consolidated and separate financial statements have been prepared on the going concern basis, assuming that the realization of assets and settlement of liabilities will occur in the ordinary course of business.

3. Principles of consolidation financial statements

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries, which are these entities the Company has power to govern the financial and operating policies, are consolidated.

Company's name	Nature of business	Country of incorporation	Percentage of holdings	
			July 31, 2009	July 31, 2008
: Held by the Company Vanguard Corporation	Holding company	Cayman	-	100
: Held by Vanguard Corporation Air Breeze Co., Ltd.	Manufacturer and distribution of ceiling fan	China	-	100



In January 2009, the Company sold all its investment in common shares of Vanguard Corporation to an outsider at a price of Baht 10 million (Note 10).

4. *Principles of financial statements and accounting policies*

4.1 **Basis of preparation of the financial statements**

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in Thailand and the Notification of the Department of Business Development Re: Determination of Brief Entries in the Financial Statements B.E. 2544.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies.

As required by Thai law and regulatory requirements, the financial statements have been prepared in the Thai language. They have been translated into English for the convenience of the reader.

On May 15, 2009, the Federation of Accounting Professions (FAP) has made the announcement No. 12/2009 to renumber Thai Accounting Standards (TAS) to be the same as International Accounting Standards (IAS).

The Company has adopted the following new and revised TAS and Thai Financial Reporting Standards (TFRS) which were issued by the FAP during 2007 and effective for accounting periods beginning on or after January 1, 2008:

TAS 1 (revised 2007)	Presentation of Financial Statements (formerly TAS 35)
TAS 2 (revised 2007)	Inventories (formerly TAS 31)
TAS 7 (revised 2007)	Cash Flow Statements (formerly TAS 25)
TAS 8 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors (formerly TAS 39)
TAS 11 (revised 2007)	Construction Contracts (formerly TAS 49)
TAS 17 (revised 2007)	Leases (formerly TAS 29)
TAS 23 (revised 2007)	Borrowing Costs (formerly TAS 33)
TAS 34 (revised 2007)	Interim Financial Reporting (formerly TAS 41)
TAS 38	Intangible Assets
TFRS 3 (revised 2007)	Business Combinations (formerly TAS 43)

The adoption of these new and revised TAS and TFRS do not have any material impact on the Company's financial statements.

The FAP has issued during 2008 a number of new and revised TAS which are only effective for financial statements beginning on or after January 1, 2009 and have not been adopted in the preparation of these financial statements. These new and revised TAS are disclosed in note 18.



The preparation of financial statements in conformity with TAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Accordingly, actual results may differ from estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note 5.3, 7 and 8	Allowance for doubtful accounts
Note 9	Allowance for diminutions in value of inventories
Note 11	Depreciation - buildings and equipment

4.2 Accounting policies

4.2.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less and free from restrictions.

4.2.2 Trade accounts receivable

Trade account receivable are carried at anticipated realizable value after allowance for doubtful receivables. An allowance is estimated on the basis of management's assessment of long overdue debts which may not be collectible. Bad debts are written off during the year in which they are identified.

4.2.3 Current investments

Investments in trading securities are determined at fair value at the close of business on the balance sheet date by reference to the Stock Exchange of Thailand quote bid price. The Company recognizes the change of value is gains or losses in the statement of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of income. The weighted average method is used for computation of the cost of investments.



4.2.4 Inventories

Inventories are stated at the lower of cost or net realisable value. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charge, less all attributable discounts, allowances or rebates. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities. Cost of raw materials, work in process and finished goods is calculated using the weighted average.

The Company estimates the net realisable value by using the selling price in the ordinary course of business less selling expenses.

The Company makes the allowance for diminutions in the value of obsolete, defective or slow-moving inventories.

4.2.5 Investments in subsidiary company

The Company records investment in its subsidiary in the separate financial statements by using the cost method.

4.2.6 Property, plant and equipment

Land determined at fair value which revalue by independent appraiser, buildings and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses (if any).

The Company also has a policy to revalue of land every five years with sufficient regularity to ensure that its carrying amount does not differ materially from its fair value at the balance sheet date. During this period if there are any other factors which materially effect the value of land, the Company will arrange for new appraisal in that respective year immediately.

The differences arising from revaluation are deal with in the financial statements of the Company as follows: -

When land's carrying amount is increased as a result of the revaluation, the increase is recorded directly to equity under "Revaluation surplus on land". However, a revaluation increase is to be recognised as income to the extent that it reverses a revaluation decrease previously recognised as an expense in the statement of income.

When land's carrying amount is decreased as a result of the revaluation, the decrease is recognized as an expense in the statement of income. However, a revaluation decrease is to be charged directly against the related "Revaluation surplus on land" to the extent that the decrease does not exceed the amount held in the revaluation surplus. Any excess amount is to be recognized as expenses in the statement of income.

The Company's depreciation is calculated on the straight-line method to write off the cost of each asset, except for land and assets under construction, to their residual values over their estimated useful life as follows:

Buildings	20 years
Buildings improvement	5 years
Machinery and equipment	5 and 10 years
Furniture	5 years
Computer	3 years
Transportation equipment	5 years

Expenditure incurred for addition, renewal or betterment, which results in a substantial increase in an asset's current replacement value, is capitalized. Repair and maintenance costs are recognised as an expense when incurred.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in operating profit. On disposal of revalued assets, amounts in the revaluation reserve relating to those assets are transferred to retained earnings.

4.2.7 Property held for sale

Properties held for sale are stated at expected selling value. Where the carrying amount of an asset is greater than its expected amount obtainable from the sale of the asset less any costs of disposal, it is written down immediately to its net realisable value. Impairment loss is charged to the statement of income.

4.2.8 Intangible asset

Intangible asset comprise cost of computer software which the Company acquired is stated at historical cost less accumulated amortisation and impairment loss (if any). Cost of computer software is amortised on the straight-line method over its useful life of 5 years.

Subsequent expenditure relating to an intangible asset is added to the carrying value of the asset only when it increases the future economic benefits embodied in the specific asset to which it relates. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

4.2.9 Impairment of assets

The Company has determined the impairment of asset if there is indicator that the carrying amount of asset exceeds its recoverable amount. An impairment loss on the assets carrying at cost is recorded as expense in statements of income, while an impairment loss on revalued asset is recognized against any revaluation surplus for the asset to the extent that



the impairment loss does not exceed the amount held in the revaluation surplus for the same asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

4.2.10 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

4.2.11 Revenue recognition

Sales are recognised on the delivery of goods or on customer acceptance or on the performance of services. Sales are shown net of sales taxes and discounts.

The Company will recognize revenue from consignment when consignee has already delivered merchandise to clients.

Other income is recognized on an accrual basis.

4.2.12 Foreign currency transactions

The Company translates foreign currency transactions into Baht using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into Baht at the exchange rate prevailing at that date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of income as incurred.

The financial statements of a subsidiary in a foreign country translates foreign currency transactions into Baht using weighted average the exchange rate through out the year for income statement transactions and items in the balance sheet statement are translated into Baht at the exchange rate by using the balance sheet date. Gains and losses resulting from the translation of foreign currency transactions are recognized under the shareholders' equity as "Foreign currency translation".

4.2.13 Income tax

The Company records income tax based on the amount currently payable under the Revenue Code.



4.2.14 Basic earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing profit (loss) for the year attributable to equity holders of the Company by weighted average number of shares outstanding during the year. The Company does not have any other equivalent common share for diluted earnings per share calculation.

4.2.15 Financial instruments

Financial assets and liabilities carried on the balance sheets include cash and cash equivalents, trade and other receivables, trade and other payables, and loan receivables and payables. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies stated in notes to financial statements.

5. *Related party transactions*

Summax Investment Limited is a major shareholder which is incorporated in Cayman, holding 51% of the share capital of the Company. The principal shareholder of the Company's major shareholder is the Tai family. Transactions related to companies in which the Tai family is the principal shareholders or directors are recognized as related parties to the Company.

5.1 The related parties and relationship

<i>Company's name</i>	<i>Relationship</i>
Subsidiaries :	
Vanguard Corporation	Directly whole owned by the Company
Air Breeze Co., Ltd.	Indirectly whole owned by Vanguard Corporation
Related companies :	
Culminate Airy Co., Ltd.	The director's spouse is a director of this related company
Remark Success Ltd.	Joint director
Shi Chen Electric Co., Ltd.	Joint director
Mintech Enterprises Co., Ltd.	Joint director
CEI America Inc.	Joint director



5.2 Significant transactions for the years ended July 31, 2009 and 2008 are as follows:

(Unit : Baht)

<i>Transactions / Company's name</i>	<i>Refers</i>	<i>Policy of pricing</i>	<i>Consolidated</i>		<i>Separate financial statements</i>	
			<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
Sales of goods	A)	normal goods : cost plus margin 5%-10%				
Related company						
Culminate Airy Co., Ltd.		Slow - moving goods : cost deduct discount 40%-50%	72,280,113	64,862,331	72,280,113	64,862,331
Purchases of goods	B)	Cost plus margin 5%-10%				
Subsidiary						
Air Breeze Co., Ltd.			-	-	12,059,000	8,957,849
Rental and utility income	C)	Market price				
Related company						
Culminate Airy Co., Ltd.			3,777,313	6,040,488	3,777,313	6,040,488
Interest Income	A)	Interest at fixed deposit rate				
Related company						
Culminate Airy Co., Ltd.			997,794	2,037,612	997,794	2,037,612
Repairing service of goods		At cost				
Related company						
Culminate Airy Co., Ltd.			-	110,100	-	110,100
Directors' remuneration			60,000	60,000	60,000	60,000

5.3 Significant transactions in balance sheets as at July 31, 2009 and 2008 are as follows:

(Unit : Baht)

	<i>Refers</i>	<i>Consolidated</i>	<i>Separate financial statements</i>	
		<i>July 31, 2008</i>	<i>July 31, 2009</i>	<i>July 31, 2008</i>
Trade account receivable	A)			
Related company				
Culminate Airy Co., Ltd.		56,025,053	55,978,111	56,025,053
<u>Less</u> allowance for doubtful debt		(5,605,225)	(15,618,500)	(5,605,225)
Net		50,419,828	40,359,611	50,419,828



(Unit : Baht)

	<i>Refers</i>	<i>Consolidated</i>	<i>Separate financial statements</i>	
		<i>July 31, 2008</i>	<i>July 31, 2009</i>	<i>July 31, 2008</i>
Accrued rental income	C)			
Related company				
Culminate Airy Co., Ltd.		1,006,646	613,351	1,006,646
Accrued interest income	A)			
Related company				
Culminate Airy Co., Ltd.		928,264	-	928,264
Other receivable				
Related company				
Culminate Airy Co., Ltd.		12,437	3,328	12,437
Total		1,947,347	616,679	1,947,347
Trade accounts payable				
Subsidiary				
Air Breeze Co., Ltd.	B)	-	-	1,634,975
Related company				
Culminate Airy Co., Ltd.		49,396	22,607	49,396
Total		49,396	22,607	1,684,371
Unearned interest income	A)			
Related company				
Culminate Airy Co., Ltd.		-	347,110	-

A) Outstanding trade account receivable - related company can be aged as follows:

(Unit : Baht)

	<i>Consolidated</i>	<i>Separate financial statements</i>	
	<i>July 31, 2008</i>	<i>July 31, 2009</i>	<i>July 31, 2008</i>
Outstanding receivables :			
Within credit term	15,663,256	8,491,254	15,663,256
Overdue			
Not over 3 months	17,856,041	13,879,638	17,856,041
3 months to 6 months	16,985,387	8,915,909	16,985,387
6 months to 12 months	5,520,369	24,691,310	5,520,369
Total	56,025,053	55,978,111	56,025,053
Less Allowance for doubtful debt	(5,605,225)	(15,618,500)	(5,605,225)
Net	50,419,828	40,359,611	50,419,828



The Company wholly sells its products to Culminate Airy Co., Ltd. with 180-day credit term. However, this company faces liquidity problem since its portion of sells arose from consignment. This result a portion of outstanding account receivable is longer than agreed credit term. On December 8, 2008, the Company and such company, therefore, have entered into installment contract. According the contract, the receivable agrees to make 24 monthly installments (Baht 2 million per month, including interest charged) for the overdue outstanding balance (approximately Baht 46 million as of October 31, 2008) starting from November 2008 and will complete the installments in October 2010. The Company charges the overdue outstanding balance at the rate of 3% p.a. for the year ended July 31, 2009 (6%-12% p.a. for the year ended July 31, 2008).

During the year ended July 31, 2009, such company repaid its debts in accordance with the contract and additional paid beyond the contract totaling Baht 21.13 million. As at July 31, 2009, such company had an outstanding balance (including interest charged) of Baht 24.69 million. Further, the Company has procedures to prevent the loss on this debt as follows:

- In January 2009, the Company received the post dated cheques identified the same date as in the payment contract totaling Baht 36.7 million.
 - Even though such company was able to satisfy the agreement condition during the year and the Company also received the post dated cheques, the Company provides addition allowance for doubtful account of Baht 8.4 million. The allowance is computed from the net book value of the financial statements as of January 31, 2009 of such company (the financial statements have not been audited/ reviewed by an auditor). This is in accordance to the conservative purpose.
 - The Company will closely monitor and follow up the payment from the said company. In case that such company will unable to satisfy the agreement condition, the Company will take this to the legal process.
- B) The Company indirectly purchased a portion of goods from Air Breeze Co., Ltd. passed through an Air Breeze Co., Ltd.'s agent (non-related party).
- C) On July 25, 2008, the Company entered into building lease agreement with Culminate Airy Co., Ltd.. The leased areas are used for office and store, for the period of May 1, 2009 to April 30, 2010, with the rental fee of Baht 300,000 per month (For the year ended July 31, 2008 : Baht 500,000 per month).
- D) The Company has entered into the Assignment Agreement with management on December 30, 1997, which enables the rights to the use of intangible personal property, trademarks and licenses held by management to be used by the Company for its business, without compensation.



6. Current investments, net

Movements of investments in trading securities during the year are as follows:

(Unit : Baht)

	Consolidated	Separate financial statements	
	July 31, 2008	July 31, 2009	July 31, 2008
Net carrying value at the beginning of the year	9,426,000	14,525,000	9,426,000
Purchases	35,790,349	13,108,748	35,790,349
Disposals (at cost)	(24,661,015)	(27,109,994)	(24,661,015)
Changes in fair value of securities	(6,030,334)	5,076,746	(6,030,334)
Net carrying value at the end of the year	14,525,000	5,600,500	14,525,000

7. Trade accounts receivable - other parties

Outstanding trade account receivable- related company can be aged as follows:

(Unit : Baht)

	Consolidated
	July 31, 2008
Outstanding receivables :	
Within credit term	-
Overdue	
Not over 3 months	23,973,768
3 months to 6 months	1,355,766
6 months to 12 months	28,528
Total	25,358,062
<u>Less</u> Allowance for doubtful accounts	(299,682)
Net	25,058,380

8. Short-term loans to other parties

On June 18, 2009, the Company entered into a loan agreement with a domestic company in the amount of Baht 24.24 million which bears interest rate at 12.03% p.a.. The principal and its interest will be paid starting on July 24, 2009. This loan is secured by fully payment of post-date cheques and 12,000 tons of steel metals. In August 2009, the Company has already received fully payment from such company.

On March 18, 2009, the Company entered into a loan agreement with another domestic company with loan-to-equity conversion option in the amount of Baht 70.0 million. In case that the Company opts not to convert, the interest rate bears 15% p.a.. However, in April 2009, the Company and that company



agreed to stipulate which loan will be redeemed on June 30, 2010 and its interest will be paid starting in May 2009. The Company had already received the post dated cheques for loan principal and its interest. In addition, the loan is secured by 800,000 ordinary shares, at Baht 100 par value, of that company from a shareholder.

9. Inventories, net

(Unit : Baht)

	Consolidated	Separate financial statements	
	July 31, 2008	July 31, 2009	July 31, 2008
Finished goods	32,857,533	45,658,768	31,626,781
Work in process	11,578,838	11,874,626	11,632,358
Raw materials	32,837,219	4,074,303	4,026,224
Goods in transit	3,035,301	1,055,530	3,035,301
Total	80,308,891	62,663,227	50,320,664
<u>Less</u> Allowance for deiminutions in value of inventories	(27,782,451)	(27,782,451)	(27,782,451)
Net	52,526,440	34,880,776	22,538,213

10. Investment in a subsidiary, net

The nature and carrying value of investment in a subsidiary presented in separate financial statements are as follows:

Company's name	Paid-up capital (USD)		Investment portion (%)		Cost method (Thousand Baht)	
	July 31, 09	July 31, 08	July 31, 09	July 31, 08	July 31, 09	July 31, 08
Vanguard Corporation	-	3,000,000	-	100	-	118,680,000
<u>Less</u> Allowance for impairment loss on investment					-	(44,884,405)
Net					-	73,795,595

On January 30, 2009, the Company entered into a sale contract with an outsider ("Purchaser"), was a chairman of audit committee in the past, to sell its subsidiary company (Vanguard Corporation) at a price of Baht 10 million. The selling price is agreed by the Company and purchaser which is not appraised by the independent neither any other appraised procedures. On the agreement date, a purchaser paid 50% of total value, the rest is repayable in 4 equal quarterly installments up to January 2010. This resulted in loss from sale of investment for the year ended July 31, 2009, amounting to approximately Baht 51.11 million and Baht 63.80 million in the consolidated and separate financial statements, respectively. As of July 31, 2009, the purchaser had outstanding debt of Baht 2.46 million and this debt is guaranteed by a

foreign branch of financial institution. The valuation of the assets and liabilities at the selling date of investment in subsidiary was as follows:

(Unit : Thousand Baht)

Cash and cash equivalents	22,091
Trade accounts receivable	27,605
Inventories	23,377
Other current assets	2,519
Property, plant and equipment, net	4,979
Trade accounts payable	(17,560)
Other liabilities assets	(1,906)
Net assets	61,105
Proceed from sale of investment in subsidiary at selling date	3,972
Additional cash received during the year	3,572
<u>Less</u> Cash and cash equivalents of subsidiary	(22,091)
Net cash outflow on sale of investment in subsidiary	(14,547)



11. Property, plant and equipment, net

(Unit : Baht)

Consolidated

	<i>Land and improvements</i>	<i>Buildings and improvements</i>	<i>Machinery and equipment</i>	<i>Utilities</i>	<i>Fixtures, fitting and office equipment</i>	<i>Transportation equipment</i>	<i>Machinery under installation</i>	<i>Total</i>
Cost / Revalued:-								
At August 1, 2008	79,808,740	123,568,675	90,301,870	12,345,959	56,380,492	15,826,988	35,754,727	413,987,451
Addition	-	-	20,295	-	95,774	-	-	116,069
Disposal	-	(1,787,761)	(89,696,330)	-	(1,027,089)	(3,011,593)	-	(95,522,773)
Translation differences	-	595,080	2,721,173	-	286,079	300,301	-	3,902,633
Disposal of investment in a subsidiary	-	(14,605,966)	(2,300,352)	-	(7,409,102)	(5,450,491)	-	(29,765,911)
At July 31, 2009	79,808,740	107,770,028	1,046,656	12,345,959	48,326,154	7,665,205	35,754,727	292,717,469
Accumulated depreciation:-								
At August 1, 2008	-	(96,097,605)	(48,858,407)	(10,585,363)	(49,943,558)	(11,716,562)	-	(217,201,495)
Depreciation for the year	-	(3,993,431)	(3,119,978)	(940,157)	(518,019)	(369,806)	-	(8,941,391)
Disposal	-	1,277,512	50,764,381	-	1,026,968	1,756,958	-	54,825,819
Translation differences	-	(567,334)	(23,331)	-	(207,642)	(227,015)	-	(1,025,322)
Disposal of investment in a subsidiary	-	10,937,482	256,898	-	1,641,819	3,812,276	-	16,648,475
At July 31, 2009	-	(88,443,376)	(980,437)	(11,525,520)	(48,000,432)	(6,744,149)	-	(155,693,914)

(Unit : Baht)

	<i>Consolidated</i>							
	<i>Land and improvements</i>	<i>Buildings and improvements</i>	<i>Machinery and equipment</i>	<i>Utilities</i>	<i>Fixtures, fitting and office equipment</i>	<i>Transportation equipment</i>	<i>Machinery under installation</i>	<i>Total</i>
Allowance for impairment loss:-								
At August 1, 2008	-	(10,346,954)	-	-	(3,840,771)	(807,888)	-	(14,995,613)
Disposal of investment in subsidiary	-	3,489,921	-	-	3,840,771	807,888	-	8,138,580
Reversal	-	6,857,033	-	-	-	-	-	6,857,033
At July 31, 2009	-	-	-	-	-	-	-	-
Net book value								
At July 31, 2008	79,808,740	17,124,116	41,443,463	1,760,596	2,596,163	3,302,538	35,754,727	181,790,343
At July 31, 2009	79,808,740	19,326,652	66,219	820,439	325,722	921,056	35,754,727	137,023,555

During the year ended July 31, 2009, an indirect subsidiary company (Air Breeze Co., Ltd.) has sale a substantial portion of its fixed assets with the selling price of Baht 22.48 million. This resulted loss on sales of fixed assets of Baht 18.17 million. The sale value of fixed assets is agreed by purchaser and the subsidiary which is not appraised by the independent neither any other appraised procedures.

Separate financial statements

	<i>Land and improvements</i>	<i>Buildings and improvements</i>	<i>Machinery and equipment</i>	<i>Utilities</i>	<i>Fixtures, fitting and office equipment</i>	<i>Transportation equipment</i>	<i>Machinery under installation</i>	<i>Total</i>
Cost / Revalued:-								
At August 1, 2008	79,808,740	108,570,222	1,803,005	12,345,959	49,289,753	7,665,205	35,754,727	295,237,611
Addition	-	-	20,295	-	63,490	-	-	83,785
Disposal	-	(800,194)	(776,644)	-	(1,027,089)	-	-	(2,603,927)
At July 31, 2009	79,808,740	107,770,028	1,046,656	12,345,959	48,326,154	7,665,205	35,754,727	292,717,469
Accumulated depreciation:-								
At August 1, 2008	-	(85,443,541)	(1,715,325)	(10,585,362)	(48,670,070)	(6,508,822)	-	(152,923,120)
Depreciation for the year	-	(3,800,023)	-	(940,158)	(357,330)	(235,327)	-	(5,332,838)
Disposal	-	800,188	734,888	-	1,026,968	-	-	2,562,044
At July 31, 2009	-	(88,443,376)	(980,437)	(11,525,520)	(48,000,432)	(6,744,149)	-	(155,693,914)
Allowance for impairment loss :-								
At August 1, 2008	-	(6,857,033)	-	-	-	-	-	(6,857,033)
Reversal	-	6,857,033	-	-	-	-	-	6,857,033
At July 31, 2009	-	-	-	-	-	-	-	-
Net book value								
At July 31, 2008	79,808,740	16,269,648	87,680	1,760,597	619,683	1,156,383	35,754,727	135,457,458
At July 31, 2009	79,808,740	19,326,652	66,219	820,439	325,722	921,056	35,754,727	137,023,555

12. Contingent liabilities

During the year 2000, an anonymous allegation was received that certain revenues and expenses have been underreported over the years. Following a thorough investigation, it was determined that revenues (approximately 1% of sales) and expenses had been offset and that no additional operating income resulted. In the financial year ended July 31, 2000, the relevant amounts have been included without offset in the earnings statement in "Net sales" and "Selling and administrative expenses", respectively. The Company, on the basis of expert legal advice, has provided a reserve of Baht 54 million to cover potential liabilities and contingencies related to the findings. No further investigations related to these matters are outstanding. As a result of these findings, and with the approval of the Audit Committee, remedial measures including changes in internal controls have been implemented.

During the years 2002 - 2004, the Company paid partial of income tax to Revenue Department amounting to Baht 25.4 million. Moreover, during the year ended on 31 July 2008, the Company paid partial of income tax to Revenue Department amounting to Baht 7.33 million.

13. Dividend payment

The shareholders meeting held on November 7, 2008, has approved to pay dividend for the operation for the year ended July 31, 2008, at Baht 0.08 per share, totaling of Baht 15.06 million.

14. Commitment and contingent liabilities

As at July 31, 2009, the Company has:

14.1 Contingent liabilities in respect of letters of guarantee issued by banks for the government agencies amounting to approximately Baht 2.61 million.

14.2 Unused letter of credit for imported goods totaling Baht 8.84 million.

15. Financial instruments

The Company is exposed to normal business risks from changes interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

The Company's financial assets comprises of cash and cash equivalents, current investments, trade accounts receivable and inventories which are liquid and able to sell at close to this fair value.

Interest rate risk

The interest rate risk is the risk that future movements in market interest rate will affect the results of the Company's operations and its cash flows. The Company's exposure to interest rate risk relates primarily to its deposits and bills of exchange with financial institutions. Since the majority of these financial assets are short term, the Company does not use derivative financial instruments to hedge such risk.



Foreign currency risk

The Company is exposed to foreign currency risk relates primarily to its payables, which are denominated in foreign currencies. The summary of Company's foreign currency denominated payables as at July 31, 2009 amounted of USD 1.38 million, which have not been hedged against foreign exchange rate risk.

Credit risk

The Company is exposed to credit risk primarily with respect to a few of trade accounts receivable. The management of the Company believes that the maximum exposure to credit risk is limited to the net book value as stated in the balance sheet.

Fair value

The significant carrying values of financial assets and liabilities approximate to theirs fair values.

16. Expenses by nature

Significant expenses by nature for the year ended July 31, 2009 and 2008 are as follows:

	<i>Consolidated</i>		<i>Separate financial statements</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
Salaries, wages and other employee benefits	20,893,109	28,385,479	13,650,470	13,445,354
Depreciation and amortization	13,249,715	21,458,075	9,641,161	11,592,616
Repair and maintenance	3,663,321	1,883,609	3,663,321	1,883,609
Provision for doubtful accounts	10,002,403	9,095,903	10,002,403	8,824,751

(Unit : Baht)

17. Segment information

The Group is manufacture ceiling fans for sales. The geography segment information of the Group presented in the consolidated financial statements for the years ended July 31, 2009 and 2008 are as follows:

(Unit : Baht)

	<i>Domestic</i>		<i>Overseas</i>		<i>Total</i>		<i>Eliminated</i>		<i>Net</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
Sale	72,280,113	66,871,406	58,362,647	127,715,831	130,642,760	194,587,237	(12,059,000)	(8,957,849)	118,583,760	185,629,388
Cost of sales	(61,280,558)	(99,631,629)	(57,741,768)	(108,252,306)	(119,022,326)	(207,883,935)	12,059,000	8,899,500	(106,963,326)	(198,984,435)
Gross margin (loss)	10,999,555	(32,760,223)	620,879	19,463,525	11,620,434	(13,296,698)	-	(58,349)	11,620,434	(13,355,047)
Rental income									28,608,846	19,594,505
Interest income									14,985,758	13,914,497
Gain on disposal of assets									-	27,361,883
Reversal of allowance for diminutions in value of inventories									-	58,607,307
Reversal of allowance for impairment loss on machinery and equipment									6,857,033	-
Reversal of long-outstanding trade accounts payable									-	5,817,399
Other income									12,200,976	5,381,083
Loss on sale of investment in subsidiary									(51,105,368)	-
Loss on sales of assets									(27,428,221)	-
Selling and administrative expenses and others									(70,696,975)	(78,711,462)
Profit (loss) on operation									(74,957,517)	38,610,165
Interest expense									(63,373)	(37,324)
Net profit (loss)									(75,020,890)	38,572,841

Property, plant and equipment, net

As at July 31,	137,023,555	135,457,458	-	46,156,664	137,023,555	181,614,122	-	176,221	137,023,555	181,790,343
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18. *TAS not yet adopted*

The Company has not adopted the following new and revised TAS and TFRS that have been issued as of the balance sheet date but are not yet effective. These new and revised TAS and TFRS will become effective for financial periods beginning on or after January 1, 2009:

TAS 36 (revised 2007)	Impairment of Assets (formerly TAS 36)
TFRS 5 (revised 2007)	Non - Current Assets Held for Sale and Discontinued Operations (formerly TAS 54)

The adoption and initial application of these new and revised TAS and TFRS is not expected to have any material impact on the financial statements.

19. *Reclassification*

The certain accounts of the financial statements for the year 2008 have been reclassified to be in accordance with the presentation of the 2009 the financial statements. The significant reclassifications are summarized as follows:

(Unit : Baht)		
<i>Transactions</i>	<i>Consolidated</i>	<i>Separate financial statements</i>
Reclassify for cash equivalent		
Increase in cash and cash equivalents	385,000,000	385,000,000
Decrease in current investments	(385,000,000)	(385,000,000)
Reclassify for property, plant and equipment for rent and held for sale		
Increase in land and buildings for rent, net	88,890,513	88,890,513
Increase in machinery and equipments held for sale, net	13,578,263	13,578,263
Decrease in property, plant and equipment, net	(102,468,776)	(102,468,776)
Reclassify for payable for acquisition of machinery due within a year		
Increase in current payable for acquisition of machinery	33,207,961	33,207,961
Decrease in non-current payable for acquisition of machinery	(33,207,961)	(33,207,961)
Reclassify for over a year rental deposits received from customers		
Increase in long-term rental deposits received from customers	3,390,000	3,390,000
Decrease in short-term rental deposits received from customers	(3,390,000)	(3,390,000)

20. Subsequent events

In August 2009, the Company has invested in 450,000 ordinary shares of Siam Water Resource Co., Ltd., at Baht 100 par value, totaling Baht 49.95 million, representing 10% of registered share capital of that company. At present, the Company has already paid in Baht 33.75 million, or remaining of Baht 16.20 million. The remaining amount will be paid within September 2009. In addition, all share certificates have already hold by the Company since August 2009.

21. Approval of financial statements

The financial statements were approved by board of directors of Compass East Industry (Thailand) Public Company Limited on September 18, 2009.





COMPASS EAST INDUSTRY (THAILAND) PUBLIC COMPANY LIMITED

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