

ANNUAL REPORT 2013



COMPASS EAST INDUSTRY (THAILAND) PUBLIC COMPANY LIMITED

Content

01

Financial
Highlights

02

Message
from the President

03

Board
of Directors

07

Organization
Chart

08

Shareholders
and Management

09

Report of the Audit
Committee

10

General
Information

11

Nature
of the Business

14

Explanation and Analysis
of the Management
Operational
Performance

16

Risk Factors

20

Report on
15 Principles
of good corporate
Governance

24

Independent
Auditor's Report



FINANCIAL HIGHLIGHTS



Unit : Thousand Baht

| | 2013 | 2012 | 2011 |
|---------------------------------------|---------|---------|---------|
| FINANCIAL POSITION AT YEAR END | | | |
| Current Assets | 574,892 | 545,827 | 591,332 |
| Total Assets | 756,450 | 733,271 | 792,681 |
| Shareholders' Equity | 729,235 | 680,720 | 748,717 |
| Par Value Per Share (Baht) | 1.00 | 1.00 | 1.00 |
| Book Value Per Share (Baht) | 3.87 | 3.62 | 3.98 |
| Share Capital (Shares) | 188,300 | 188,300 | 188,300 |
| EARNING ABILITIES | | | |
| Sales | 45,038 | 59,502 | 48,742 |
| Other Incomes | 75,501 | 37,882 | 144,539 |
| Total Revenues | 120,539 | 97,384 | 193,281 |
| Net Incomes | 48,015 | -8,740 | 124,338 |
| Cash Dividends | | 71,519 | - |
| Earnings Per Share (Baht) | 0.255 | -0.046 | 0.660 |
| FINANCIAL RATIO | | | |
| Return on Sales (%) | 39.83 | -8.97 | 64.33 |
| Return on Equity (%) | 6.81 | -1.22 | 17.39 |
| Return on Assets (%) | 6.45 | -1.15 | 16.38 |
| Total Debt to Equity Ratio (Times) | 0.04 | 0.07 | 0.06 |
| Current Ratio (Times) | 15.82 | 11.58 | 13.44 |

MESSAGE FROM THE CHAIRMAN OF THE BOARD



Dear shareholders,

I am in the name of Directors of Compass East Industry (Thailand) Public Company Limited would like to thank you all of shareholders for your trust and supporting company, even if we are suffered crisis since 2003 until present. Thai economy of 2013 in the half of first year and half of after year will be more different, including any positive factors. Especially, private consumption is good result from pawn rice policy, increasing of lower labor cost, first car policy, expenditure of government and relaxation finance policy. This is result to expansion economy in good level but if half of year these positive factors are eliminated, while negative factors is derived from deflation of world economy, flowing of capital from foreign and over-liability from consumption. These are pressure Thai economy are rapidly deflation and the different idea of political is existence. Positive factor is one hope in half of year 2013 is investment in mega-project of government; project of improvement water management for 3.5 million baht and infrastructure investment for two trillion baht. Even if considered acceptance from congress is seeing money flowing into this 4th quarter or starting in fiscal year, 2013-2014. However, other than issue of political may be such project is failed or unexpected gained money must consider risk of domestic liquidation is anticipated increasing in the half of year. For investment loan may be have problem of loan and investment. From factors as mentioned sale of fan in past year is decreased company has management on any assets of company. For example, land lease and unused building for more revenue is compensated with decreased fan sale, maintain profit per share is maximum.

From increasing of new competitor and strategy of lower price executives are assigned development research and quality control department is comparative product of competitor. Found that product of company has quality and standard, the executives are also trusted that in long-term customer will come back to trust and popular in company product. Even if higher price due to company is maintain standard of quality control and guarantee in product all the time. Importantly, company has identity of ceiling fan is contemporary, luxury and ventilation. We are popular in implement and decoration in resting room, office of hotel customer group, resort, restaurant, golf course and residence.

Directors and executives team are anticipate that 2014 new business of company has investment via affiliation is building opportunity in the future and within 2013 has acquired income. New business is operating as one business that company is anticipated for more profit and we are becoming strong, stability growth rate, for benefits of shareholder as well as teamwork and all levels of staff.

In addition, company would like to thank you shareholder are trust and supporting company performance including to thank you customer, executive and employee of company for their cooperative. We are also passing through any obstacle and effort in work including always supporting company, thank you for this time.

Mr. Lua Jen Chung

Chairman of the Board



BOARD OF DIRECTORS

Mr. Lou Jen Chung

Position

Director & President

Nationality

Taiwanese

Age

62 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 Training

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, Consultant

1999-Present

Wafer Resources Agency Ministry of Economic Affairs, Consultant

Mr. Tai Dann Sheng

| | |
|-----------------------------------|--|
| Position | Director |
| Nationality | Taiwanese |
| Age | 58 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 |
| 1989-2000 | General Manager Compass East Industry (Thailand) Public Co., Ltd. |

Miss Dai Wen-Lee

| | |
|-----------------------------------|---|
| Position | Director & Vice President |
| Nationality | Taiwanese |
| Age | 55 years |
| Education | Science (Chemical) Tan Chiang Taiwan/MBA Beijing University, 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, Shi Chen Electric MFG. Works (Taiwan) |

Miss Dai Juan Ming

| | |
|-----------------------------------|--|
| Position | Director |
| Nationality | Chinese |
| Age | 38 years |
| Education | Bachelor Degree of Market Sales Zhejiang Broadcasting and Television University, China MBA Economy 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 | 57 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 Huei

| | |
|-----------------------------------|---|
| Position | Independent Director/Audit Committee Chairman |
| Nationality | Taiwanese |
| Age | 59 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) |
| 2540-Present | President of Thai Soon Food Products Co., Ltd. (Bangkok, Thailand) |

Mr. Charoensil Luelertthum

| | |
|-----------------------------------|---|
| Position | Independent Director/Audit Committee Secretary |
| Nationality | Thai |
| Age | 67 years |
| Education | Bachelor Degree National Cheng Kong University (R.O.C) Taiwan |
| Number of Share | - Share |
| Percentage of Shareholding | - % |

Working Experiences

| | |
|--------------|---|
| 2008-Present | Project Consultant, Q.T.T. Co., Ltd |
| 1998-2008 | Manager Om Home Group (Hatyai). |
| 1993-1998 | Manager Thai First Engineering (Bangkok) |
| 1991-1993 | Product Manager, Concrete Bang Lamung (BLM) (Bangkok) |

Mrs. Roattaya Oranshowtikul**Position** Independent Director/Audit Committee**Nationality** Thai**Age** 72 years**Education** Bachelor Degree of Jinan GuangZhou
University China**Number of Share** - Share**Percentage of Shareholding** - %**Working Experiences**

2009-Present The Tutor of the Chinese Teacher Development Institute.

2007-2009 The Chinese tutor of Hua Chiew University And Yossae campus of the Chinese
Teacher Development Institute.

2007 Jan-Dec Personal Manager of Royal Kingdom Co., Ltd.

1991-2005 Personal Manager of Compass East Industry (Thailand) Public Co., Ltd.

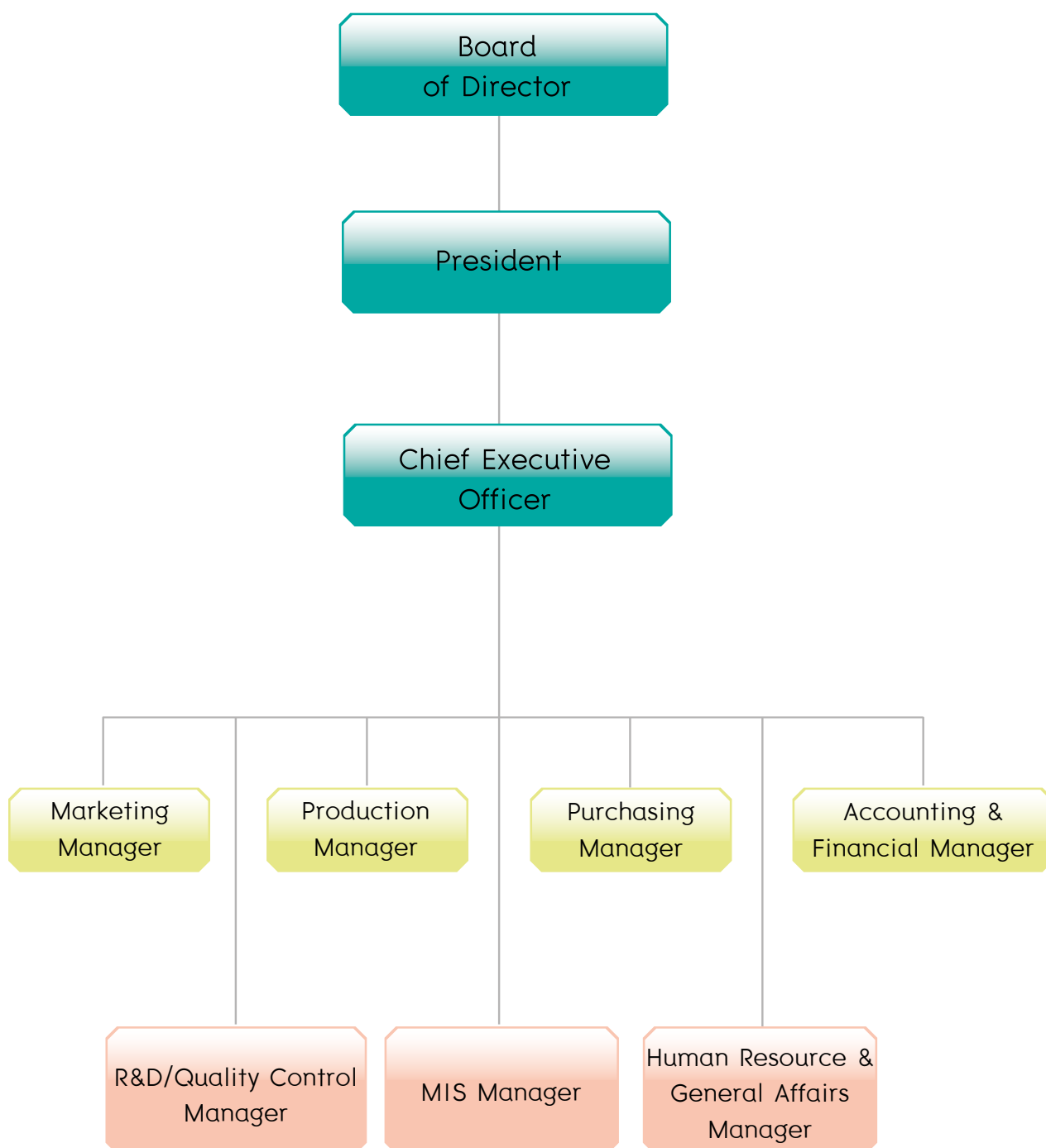
1989-1990 Secretary for Sahaviriya Group (1962)'s Chairman and Chief of Shoes Production.

1984-1989 Secretary of Lainthong Printing Co., Ltd., Hwa Yoon Co., Ltd., Nuttapon Co., Ltd.

Before 1984 Translate the Movie and provided Thai dialogues for the commentator.



ORGANIZATION CHART



SHAREHOLDERS AND MANAGEMENT



Major Shareholder As of August 19, 2013

| Shareholders Name | Number of Share | Equity Stake (%) |
|-------------------------------------|-----------------|------------------|
| 1. SUMMAX INVESTMENT LIMITED* | 50,839,870 | 27.00 |
| 2. CREDIT SUISSE AG SINGAPORE BRACH | 18,013,500 | 9.57 |
| 3. Miss Yan Yuhua* | 6,597,334 | 3.50 |
| 4. Mr. Narin Pornchevarat | 4,374,000 | 2.32 |
| 5. Miss Dai Wen-Lee* | 3,555,560 | 1.89 |
| 6. Mr. Pisit Plukphaiboon | 2,980,000 | 1.58 |
| 7. Mrs. Pornpan Thanyasir | 2,794,000 | 1.48 |
| 8. Mrs. Pornpan Thanyasir | 2,030,000 | 1.08 |
| 9. Mr. Teerayuth Kittipattarakul | 2,000,000 | 1.06 |
| 10. Mr. Kittichai Deachpaiboonys | 1,843,000 | 0.98 |

Remark : 1. * Foreign Shareholders

Board of Directors

| | |
|--------------------------------|--|
| 1. Mr. Lou Jen Chung | Chairman |
| 2. Ms. Dai Wen-Lee | Vice Chairman |
| 3. Mr. Tai Dann-Sheng | Director |
| 4. Miss Dai Juan Ming | Director |
| 5. Mrs. Tai Yang Duen-Chen | Director |
| 6. Miss Chen Shu Huei | Independent Director/Audit Committee Chairman |
| 7. Mr. Charoensil Luelertthum | Independent Director/Audit Committee Secretary |
| 8. Mrs. Roattaya Oranshowtikul | Independent Director/Audit Committee |

Board of Executive Directors

| | |
|-----------------------|--|
| 1. Mr. Lou Jen Chung | 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 Nantachockchawaphun | Quality Control Manager and R & D Manager |
| 3. Mr. Kittu Kanokudomsap | Account Manager |
| 4. Mrs. Lin Kiun Hui | Sales Marketing Manager |
| 5. Ms. Dai Juan-Ming | Purchasing Manager |
| 6. Miss Rungtara Homklin | Human Resources and General Affair 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 Huei, as a chairman of audit committee, Mr. Charoensil Luelertthum, a secretary of audit committee, and Mrs. Roattaya Oranshowtikul 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 12 times meeting and also the Audit Committee entered the meeting at 100%, the important matters of performance could be summarized as follows:

- 1) Review the Financial Statement by reviewing quarter financial statement and for 2013 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 2014 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 2013 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 Shu Huei

The Chairman 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, Bangna, Bangkok 10260 Tel : 0-2709-2958 Fax : 0-2324-0587 www.ceifan.com |
| FACTORY | 291 Moo 4 Sukhumvit Road, Tumbol Prakkasa, Amphur Muang Samutprakarn, Samutprakarn 10280 Tel : 0-2324-0527, 29 , 31, 33-34 Fax : 0-2324-0587 |
| 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, Beside Queen Sirikit National Convention Center, Ratchadaphisek Road, Klongtoey, Bangkok 10110, Thailand Tel : (662) 229-2800, (662) 654-5599 Fax : (662) 359-1259 |
| AUDITOR | Ms. Sathien Vongsnan ANS Audit Company Limited 100/72, 22th Floor, 100/2 VongvaniJ Building B, Rama 9 Road, Huaykwang, Bangkok 10310 Tel : 0-2645-0107-9 Fax : 0-2645-0110 |
| LAWER | Mr.Thoedtham Biarabicharana 377/49 Sathupradit Rd.,Chongnoonsee, Yannawa, Bangkok 10120 Tel : 0-81668-6281 |
| BANKER | Bangkok Bank Public Company Limited Bangkapi Branch Bangkok Bank Public Company Limited Bangna Branch The International Commercial Bank of China Head Office The International Commercial Bank of China Bangna Branch Krungthai Bang Public Company Limited Sanpavuth 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. The large market is USA with total sales growing continuously all the time.

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, Airy 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 product. 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 liquidated 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 invest 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, the company had imported new machine to support new production line of the company, But now the company is still pending for decision as to whether to keep on running operations or cancel the project, because the economic conditions is at not suitable for any investment, so need to the time to wait for the chance.

In January 2009, the company decided to sell subsidiary in China, Cause of The subsidiary is short both of the liquidity and current capital, so the subsidiary need to layoff any employees and sale any assets for debt repayments. This situation is beyond company's control power, the executive resolved to sell the subsidiary for reduce the effects of damage in the future, and the executive believe in this way would solve CEI lose situation within short term and can to fast revive from the expansion in new business lines which can make better profits.

In May 2009, CEI imported floor tiles from China for domestic sale, for the purpose to make up the ceiling fan's volume sale which diminished by the economic crisis, for push up the product sale increase in the future.

On March 18, 2009, the CEI entered into a loan agreement with Tanyarungroengchai Rice Mill (Thailand) Co., Ltd. with loan-to-equity conversion option in the amount of Baht 70.00 million. The loan bears interest rates at 6% p.a.. In case that the Company opts not to convert, the interest rate will bears 15% p.a.. This loan is secured by 800,000 ordinary shares, at Baht 100 par value, of that company held by a shareholder and joint guaranteed by a management of the said company. In April 2009, the Company and Tanyarungroengchai Rice Mill (Thailand) Co., Ltd. agreed to stipulate this loan to be redeemed on June 30, 2010 and its interest will be paid starting in May 2009 to June 2010. The Company had already received the post dated cheques for entitle interest. In July 2010, the Company agreed to extend the repayment to December 2010 and transferred accrued interest amounted of Baht 6.68 million to be a part of principal. However, the borrower has not paid such principal, but made payment for interest only till July 2011.

In August 2009, CEI has invested in 450,000 ordinary shares of Siam Water Resource Co., Ltd. At Baht 100 per value, totaling Baht 49.95 million, representing 10% of registered share capital of that company. The company paid the ordinary shares Baht 33.75 million, indicate the remainder Baht 16.20 million payment within September 2009 and the share certificate had transfer to CEI on August 2009 already.

In April 2010, CEI returned the Horizontal Plating Machine in order to use in electronic circuit boards for general electrical, the all expenses of returned machine paid by supplier.

On November 4, 2010, the company has contracts to buy and sell land and factory building at 290 Moo 4, Sukhumvit Road, Tambol Praksa, Amphur Muang, Samutprakarn. The contracts was made with Murakami Ampass (Thailand) Co., Ltd. at price 144,000,000 baht. And transfer of ownership of property was made on December 22, 2010.

In January 2011, Siam Water Co., Ltd. has changed its name to Siam Water Resources Ltd. (PCL). On July 4, 2554 the Siam Water Resources Ltd. (PLC) has called an Extraordinary General Meeting of Shareholders at the 2 / 2554 for a resolution to increase share capital. By increasing of the registered capital of 450 million shares at par at 1 baht registered capital of 540 million shares at par one. But the Board of Director suggested that the recapitalization of the in during this period may not cause a positive effect. And then the recapitalization was not considered.

Board of Director held on August 13, 2013 to approved to incorporate a subsidiary, C.E.I. (Chiangmai) Co., Ltd. to invest in land and construction including other assets in the project of Dining and Lanna Cultural Centre (Khum Khantoke) which operate in the business of catering and Lanna Cultural Centre. The Company will held 99.99% of its subsidiary authorized share capital of Baht 1 million to be the total investment of Baht 0.99 million. In addition, such the board of directors meeting approved to provide financial supporting to its subsidiary company in the amount of Baht 364 million to invest in the project. The Company has already registered its subsidiary with Ministry of Commerce on August 22, 2013.

EXPLANATION AND ANALYSIS OF THE MANAGEMENT OPERATIONAL PERFORMANCE



According to the company submitted the balance sheet of its company in year 2013 ended July 31, 2013 found that the performance of company having the net profit of 48.02 million baht whilst in the same period of previous year net loss equals 8.74 million baht increased 56.75 million or 649.38%. The company may cause statement consists of:

1. Overall revenue of the company is increased by 23.16 million baht or 23.78 % when comparing with the same period of year due to following causes;
 - 1.1) The net sale was decreased by 14.46 million baht or 24.31 %.
 - 1.2) The rental income is increased by 4.74 million baht or 30.22 %.
 - 1.3) The interest income is decreased by 1.98 million baht or 9.99 %.
 - 1.4) This year have reversal of provision for contingent liabilities 21.29 million baht.
 - 1.5) This year have reversal of allowance for diminution in value of inventories 11.53 million baht.
 - 1.6) The other incomes is increased by 2.03 million baht or 85.96 %
2. Cost of goods sold of the company decreased by 10.72 million baht or 21.56 % due to the sales is decreased.
3. The company had sale and management expenses decreased by 23.01 million baht or 44.76 % due to following causes;
 - 3.1) Sale expense increased by 1.98 million baht or 267.3 % because this year have to pay promotion expense 2.0 million baht.
 - 3.2) Operating expense decreased by 24.98 million baht or 49.32 % because this year allowance for doubtful debt accounts decreased 19.04 million baht.

Financial Ratio

Highlight of Financial Ratio Based on 2013 Statements:

| | |
|---|-------|
| Return on Equity Ratio (%) | 6.18 |
| Return on Asset (%) | 6.45 |
| Total Assets on Total Liabilities Ratio (Times) | 18.97 |
| Current Ratio (Times) | 15.82 |
| Quick Ratio (Times) | 15.41 |
| Debt to Equity Ratio (Times) | 0.04 |
| Asset Turnover (Times) | 0.11 |

Trend in the future

Now the company is approved to incorporate a subsidiary, C.E.I. (Chiangmai) Co., Ltd. to invest in land and construction including other assets in the project of Dining and Lanna Cultural Centre (Khum Khantoke) which operate in the business of catering and Lanna Cultural Centre. The Company will held 99.99% of its subsidiary authorized share capital of Baht 1 million to be the total investment of Baht 0.99 million. In addition, such the board of directors meeting approved to provide financial supporting to its subsidiary company in the amount of Baht 364 million to invest in the project. The Company has already registered its subsidiary with Ministry of Commerce on August 22, 2013.

Industrial and Competition Situations

On 2013, are many factors due to government policies in previous year; lower labor cost, first car policy and indurated Thai baht. These factors are caused of higher cost of living, more liability of household, high product price, decreased export, depressive economy, variability world economic for both Europe and USA, and this is problem that public sector must revised.

Previous year lantern fan has more competition and now large supermarket has strategies of self-import. They are import best sell series of product is similar packaging with company product and pair up sale. The customer is misunderstanding and thought that is product of company, but product of import shop is no service center and parts. They are able to less price sale than company we are also adjusted new strategy and pay attention to electrical appliance, lantern, home decoration, material construction which is distribution around nation. In the future company is more sales to home project, large condominium and we are setting promotion budget to sale and dealer of company. We have promotion of display to dealer shop including setting booth for Bangkok and all provincials for encourage sale and popularity around nation. Company is holding quality of product, long-term guarantee, supply parts, modern design. Moreover, company has reputation in leader of lantern fan, we are confident our product is maintaining popular morale of customer our product is also superior than any competitor in marketplace.

RISK FACTORS



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 comprise 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 has the foreign currency exchange rate risk related to assets and liabilities denominated in foreign currencies which have not made foreign currency exchange rate risk hedging.

As at July 31, 2013 and 2012, assets and liabilities denominated in foreign currencies which have not been hedged against foreign exchange rate risk, are summarized as follows:

(Unit : Baht)

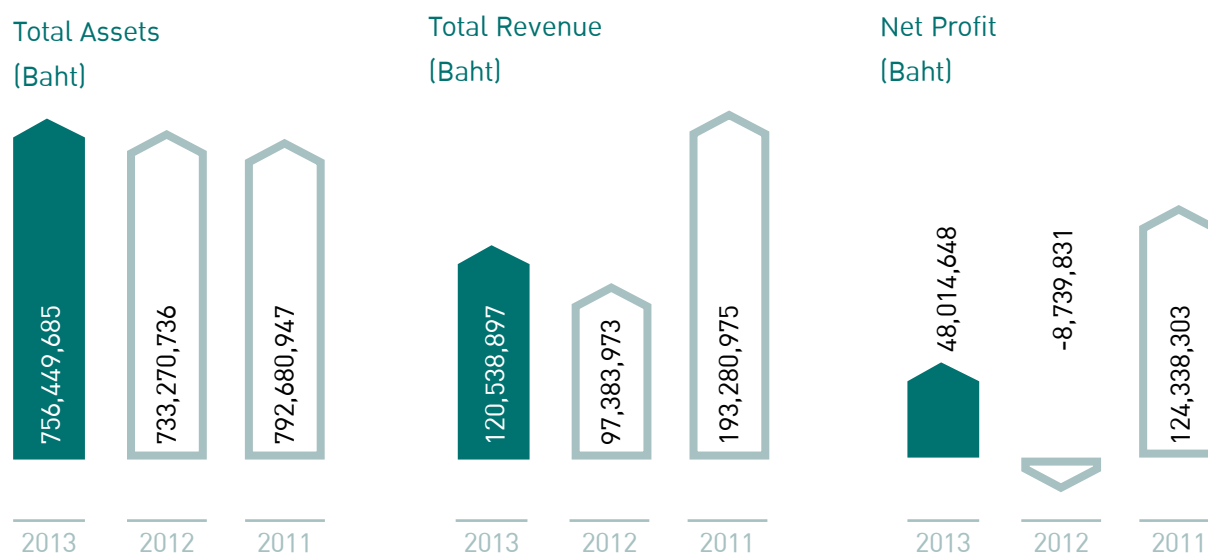
| | 2012 | | 2011 | |
|-----------|-----------|-------------|-----------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| US Dollar | 5,491,599 | 319,460 | 2,120,490 | 1,675,616 |

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.



Income Structure

| | 2013 | | 2012 | | 2011 | |
|--------------|--------------|--------|--------------|--------|--------------|--------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Net Sales | 45,038 | 37.36 | 59,502 | 61.10 | 48,742 | 25.22 |
| Other Income | 75,501 | 62.64 | 37,882 | 38.90 | 144,539 | 74.78 |
| Total | 120,539 | 100.00 | 97,384 | 100.00 | 193,281 | 100.00 |

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 be 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 2012, the company held a shareholders meeting on October 31, 2012 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 Groups 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 2011 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 have any. Ample time was set-aside for these sessions so that all shareholders present were given opportunities to address the meeting. The Chairman ensures that the meeting proceeds according to the order of the agenda and does not add an item without notifying shareholders in advance.

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 eight persons: three 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 approve 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 2013 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. Subcommittees

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 Committees 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 Company Financial Statement as at July 31, 2013 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



AUDITOR'S REPORT

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

I have audited the accompanying financial statements of Compass East Industry (Thailand) Public Company Limited, which comprise the statement of financial position as at July 31, 2013, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion


I did not obtain the latest audited financial statements of the other company to consider realizable value of other long-term investment which presented in the statement of financial position as at July 31, 2013 in the amount of Baht 49.95 million because such financial statements are in process of the audit. In addition, I was unable to complete my audit by alternative procedure to obtain sufficient appropriate evidence related to such matters. Consequently, I was unable to determine whether any adjustments to such financial statements were necessary.

Qualified Opinion

In my opinion, except for the possible adjustments to the financial statements for the situation described above on basis for qualified opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Compass East Industry (Thailand) Public Company Limited as at July 31, 2013, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Emphasis of Matter

As explained in Note 15 to the financial statements, during the year ended July 31, 2013, the Company has reversed the total amount of provision for tax assessment to other income account in the statement of comprehensive income due to lapse by prescription. My opinion is not qualified in respect of this matter.



Sathien Vongsnan
Certified Public Accountant
Registration Number 3495

ANS Audit Company Limited
Bangkok, September 24, 2013

STATEMENTS OF FINANCIAL POSITION

COMPASS EAST INDUSTRY (THAILAND) PUBLIC COMPANY LIMITED

AS AT JULY 31, 2013 AND 2012



Unit: Baht

| | Note | 2013 | 2012 |
|---------------------------------------|------|-----------------------|-----------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 520,172,442.97 | 157,831,428.47 |
| Temporary investments | 6 | 8,069,960.00 | 315,831,000.00 |
| Trade and other receivables - net | 4, 7 | 31,786,505.72 | 47,476,947.06 |
| Short-term loan to other company | 8 | - | 300,000.00 |
| Inventories - net | 9 | 14,863,321.84 | 24,387,409.91 |
| Total current assets | | 574,892,230.53 | 545,826,785.44 |
| Non-current assets | | | |
| Other long-term investment | 10 | 49,950,000.00 | 49,950,000.00 |
| Long-term loan to other company - net | 11 | 52,700,000.00 | 52,700,000.00 |
| Investment property - net | 12 | 27,668,103.54 | 30,198,307.62 |
| Property plant and equipment - net | 13 | 49,717,590.82 | 50,901,447.74 |
| Other non-current assets | | 1,521,760.08 | 3,694,195.75 |
| Total non-current assets | | 181,557,454.44 | 187,443,951.11 |
| Total assets | | 756,449,684.97 | 733,270,736.55 |

The accompanying notes are an integral part of the financial statements.



STATEMENTS OF FINANCIAL POSITION

COMPASS EAST INDUSTRY (THAILAND) PUBLIC COMPANY LIMITED

AS AT JULY 31, 2013 AND 2012

Unit: Baht

| | Note | 2013 | 2012 |
|---|-------|-----------------------|-----------------------|
| Liabilities and shareholders' equity | | | |
| Current liabilities | | | |
| Trade and other payables | 4, 14 | 20,526,789.99 | 26,145,547.29 |
| Current income tax payable | | 1,838,990.16 | 2,895,995.14 |
| Provision for tax assessment | 15 | - | 21,286,994.22 |
| Total current liabilities | | 22,365,780.15 | 50,328,536.65 |
| Non-current liabilities | | | |
| Employee benefit obligations | 3, 16 | 2,470,448.00 | 2,222,537.00 |
| Deposit | | 2,378,000.00 | - |
| Total non-current liabilities | | 4,848,448.00 | 2,222,537.00 |
| Total liabilities | | 27,214,228.15 | 52,551,073.65 |
| Shareholders' equity | | | |
| Share capital | | | |
| Authorised | | | |
| 240,000,000 ordinary shares, Baht 1 par value | | 240,000,000.00 | 240,000,000.00 |
| Issued and paid-up | | | |
| 188,300,000 ordinary shares, Baht 1 par value | | 188,300,000.00 | 188,300,000.00 |
| Premiums on share capital | | 410,350,000.00 | 410,350,000.00 |
| Retained earnings | | | |
| Appropriated - legal reserve | 18 | 24,000,000.00 | 24,000,000.00 |
| Unappropriated | | 69,823,181.23 | 21,808,533.18 |
| Other components of shareholders' equity | | 36,762,275.59 | 36,261,129.72 |
| Total shareholders' equity | | 729,235,456.82 | 680,719,662.90 |
| Total liabilities and shareholders' equity | | 756,449,684.97 | 733,270,736.55 |

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

COMPASS EAST INDUSTRY (THAILAND) PUBLIC COMPANY LIMITED
FOR THE YEARS ENDED JULY 31, 2013 AND 2012



| | | Unit: Baht | |
|--|------|----------------------|-----------------------|
| | Note | 2013 | 2012 |
| Sales of goods | 4 | 45,037,533.43 | 59,502,297.21 |
| Cost of sales | | (39,007,713.41) | (49,728,363.25) |
| Gross profits | | 6,029,820.02 | 9,773,933.96 |
| Other income | | | |
| Rental income | 4 | 20,447,398.00 | 15,702,533.27 |
| Interest income | | 17,833,224.93 | 19,813,199.23 |
| Reversal of provision for tax assessment | 15 | 21,286,994.22 | - |
| Reversal of allowance for diminution in value of inventories | | 11,534,046.68 | - |
| Others | | 4,399,699.29 | 2,365,943.01 |
| Selling expenses | 4 | (2,718,000.00) | (740,000.83) |
| Administrative expenses | 4 | (25,676,815.30) | (50,660,605.96) |
| Profit(loss) before income tax | | 53,136,367.84 | (3,744,997.32) |
| Income tax | | (5,121,719.79) | (4,994,834.25) |
| Profit(loss) for the year | | 48,014,648.05 | (8,739,831.57) |
| Other comprehensive income for the year | | | |
| Gain on asset revaluation | 13 | - | 14,271,557.84 |
| Adjustment of revaluation surplus of asset | | 501,145.87 | - |
| Total comprehensive income for the year | | 48,515,793.92 | 5,531,726.27 |
| Earnings(loss) per share | | | |
| Basic earnings(loss) per share (Baht) | | 0.255 | (0.046) |
| Weighted average number of ordinary shares (Unit: Shares) | | 188,300,000.00 | 188,300,000.00 |

The accompanying notes are an integral part of the financial statements.



STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

COMPASS EAST INDUSTRY (THAILAND) PUBLIC COMPANY LIMITED
FOR THE YEARS ENDED JULY 31, 2013 AND 2012

Unit: Baht

| | Note | Other components of shareholders' equity | | | | | | | Total shareholders' equity |
|---|------|--|---------------------------|------------------------------|-----------------------------------|---------------------|--|-----------------|----------------------------|
| | | Retained earnings | | | Other comprehensive income (loss) | | Total components of shareholders' equity | | |
| | | Issued and paid-up | Premiums on share capital | Appropriated - legal reserve | Unappropriated | Revaluation surplus | | | |
| Balance as at August 1, 2012 | | 188,300,000.00 | 410,350,000.00 | 24,000,000.00 | 21,808,533.18 | | 36,261,129.72 | 680,719,662.90 | |
| Changes in equity for the year: | | | | | | | | | |
| Total comprehensive income for the year | | - | - | - | 48,014,648.05 | | 501,145.87 | 48,515,793.92 | |
| Balance as at July 31, 2013 | | 188,300,000.00 | 410,350,000.00 | 24,000,000.00 | 69,823,181.23 | | 36,762,275.59 | 729,235,456.82 | |
| Balance as at August 1, 2011 | | 188,300,000.00 | 410,350,000.00 | 24,000,000.00 | 104,076,986.75 | | 57,309,757.46 | 784,036,744.21 | |
| Effects of changes in accounting policies | 2 | - | - | - | (1,974,622.00) | | (35,320,185.58) | (37,294,807.58) | |
| Restated balance | | 188,300,000.00 | 410,350,000.00 | 24,000,000.00 | 102,102,364.75 | | 21,989,571.88 | 746,741,936.63 | |
| Changes in shareholders' equity for the year: | | | | | | | | | |
| Dividend paid | 19 | - | - | - | (71,554,000.00) | | - | (71,554,000.00) | |
| Total comprehensive income(loss) for the year | | - | - | - | (8,739,831.57) | | 14,271,557.84 | 5,531,726.27 | |
| Balance as at July 31, 2012 | | 188,300,000.00 | 410,350,000.00 | 24,000,000.00 | 21,808,533.18 | | 36,261,129.72 | 680,719,662.90 | |

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

COMPASS EAST INDUSTRY (THAILAND) PUBLIC COMPANY LIMITED
FOR THE YEARS ENDED JULY 31, 2013 AND 2012



Unit: Baht

Cash flows from operating activities:

| | 2013 | 2012 |
|--|----------------------|----------------------|
| Profit(loss) before income tax | 53,136,367.84 | (3,744,997.32) |
| Adjustments to reconcile profit before income tax to net cash provided by (used in) operating activities: | | |
| Depreciation | 2,802,503.86 | 10,176,434.39 |
| Doubtful accounts | 2,491,232.88 | 21,534,520.55 |
| Write-off withholding tax | 67,483.92 | - |
| Adjustment write-off land | 1,526,891.74 | - |
| Reversal of allowance for diminution in value of inventories | (11,534,046.68) | - |
| Reversal of provision for tax assessment | (21,286,994.22) | - |
| Gain on disposal of securities for trading | (402,260.20) | (162,397.77) |
| (Gain) loss on revaluation of securities for trading | (137,427.26) | 79,770.36 |
| Unrealised (gain) loss on exchange rate | 57,592.57 | (340,267.17) |
| Gain on sales of fixed assets | (164,498.64) | (221,510.79) |
| Employee benefit expenses | 247,911.00 | 247,915.00 |
| Interest income | (17,833,224.93) | (19,813,199.23) |
| Profit from operating activities before change in operating assets and liabilities | 8,971,531.88 | 7,756,268.02 |
| Operating assets (increase) decrease | | |
| Temporary investment in trading securities | 2,300,727.46 | (46,872.59) |
| Trade and other receivables | 14,062,095.39 | (3,183,480.09) |
| Inventories | 21,058,134.75 | 4,484,682.79 |
| Other non-current assets | 8,262.47 | (4,070.88) |
| Operating liabilities increase (decrease) | | |
| Trade and other payables | (2,903,500.15) | 3,814,172.99 |
| Cash provided by the operations | 43,497,251.80 | 12,820,700.24 |
| Cash received from income tax | 3,041,329.96 | - |
| Cash paid for income tax | (6,178,724.77) | (2,098,839.11) |
| Net cash provided by operating activities | 40,359,856.99 | 10,721,861.13 |

The accompanying notes are an integral part of the financial statements.



STATEMENTS OF CASH FLOWS

COMPASS EAST INDUSTRY (THAILAND) PUBLIC COMPANY LIMITED

FOR THE YEARS ENDED JULY 31, 2013 AND 2012

Unit: Baht

| | 2013 | 2012 |
|--|-----------------------|-------------------------|
| Cash flows from investing activities: | | |
| Interest received | 16,025,697.32 | 15,363,034.50 |
| Increase in investment in fixed deposit | 306,000,000.00 | (217,000,000.00) |
| Cash received from short-term loan to other company | 300,000.00 | 3,700,000.00 |
| Purchase of fixed assets | (114,346.73) | (237,515.84) |
| Cash received from sale of fixed asset | 164,656.64 | 218,955.54 |
| Net cash provided by (used in) investing activities | 322,376,007.23 | (197,955,525.80) |
| Cash flows from financing activities: | | |
| Dividend paid | - | (71,519,150.20) |
| Net cash used in financing activities | - | (71,519,150.20) |
| Net increase (decrease) in cash and cash equivalents | 362,735,864.22 | (258,752,814.87) |
| Effect from exchange rate in cash and cash equivalent | (394,849.72) | - |
| Cash and cash equivalents as at August 1, | 157,831,428.47 | 416,584,243.34 |
| Cash and cash equivalents as at July 31, | 520,172,442.97 | 157,831,428.47 |
| Supplemental cash flow information | | |
| Non-cash transactions | | |
| Transfer property plant and equipments to investment properties | 4,496,373.93 | 9,157,420.52 |
| Adjust revalue of land and improvements | 501,145.87 | 3,684,009.69 |
| Revalue of land and improvements | - | 17,955,567.53 |
| Reclassify withholding tax in non-current assets to current assets | - | 944,640.68 |

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

COMPASS EAST INDUSTRY (THAILAND) PUBLIC COMPANY LIMITED

AS AT JULY 31, 2013 AND 2012



1. GENERAL INFORMATION

Compass East Industry (Thailand) Public Company Limited “the Company” is incorporated and domiciled in Thailand on August 17, 1987.

Head offices is located at 225/324 Country Complex, B Building, 16th Floor, Sanpawuth, Bangna, Bangkok.

Plant is located at 291 Moo 4, Bangpoo Industrial Estate Soi 5, Sukhumvit Road, Prakkasa, Muang, Samutprakarn.

The Company was listed on the Stock Exchange of Thailand on May 31, 1994.

The major shareholder is Summax Investment Limited which is incorporated in Cayman island, holding in totaling 27% of the share capital of the Company. The ultimate shareholder of the Company is the Tai family (decreased the proportion of shareholding from 51% in April and August, 2013).

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

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) in conformity with generally accepted accounting principles in Thailand.

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act B.E. 2543.

The accompanying financial statements have been prepared in the Thai language and expressed in Thai Baht. Such financial statements have been prepared for domestic reporting purposes. For the convenience of the readers not conversant with the Thai language, an English version of the financial statements has been provided by translating from the Thai version of the financial statements.

The preparation of the financial statements in conformity with Thai Financial Reporting Standards (“TFRS”) requires management to make judgments, 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 judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, and in the period of the revision and future periods, if the revision affects both current and future periods.

The changes in accounting policies as at August 1, 2011

In the year 2011, the Company has adopted new and revised TFRS which such transition affected the financial statements reflected from the adoption of TAS No. 16 (revised 2009) “Property, Plant and Equipment”, TAS No. 19 “Employee Benefits” and TAS No.40 (revised 2009) “Investment Property”.

New and revised Thai Financial Reporting Standards not yet effective

The Company has not yet adopted the new and revised Thai Financial Reporting Standards as follows:

- a) Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), Thai Interpretation (TI) and guidelines which are effective for the financial statements for the period beginning on or after January 1, 2013 as follows:

| TAS/TFRS/TI/FAP's Announcement | Topic |
|---------------------------------------|---|
| TAS 12 | Income Taxes |
| TAS 20 (revised 2009) | Accounting for Government Grants and Disclosures of Government Assistance |
| TAS 21 (revised 2009) | The Effects of Changes in Foreign Exchange Rate |
| TFRS 8 | Operating Segments |
| TI 10 | Government Assistance - No Specific Relation to Operating Activities |
| TI 21 | Income Taxes - Recovery of Revalued Non-Depreciable Assets |
| TI 25 | Income Taxes - Changes in the Tax Status of an Enterprise or its Shareholders |
| No. 34/2555 | Accounting Guidance for Transfer and Transferred of Financial Assets |

The management of the Company has assessed the effects of these TAS, TFRS, TI and guideline, and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied except for TAS, TFRS, TI and guideline as follows:

TAS 12 - Income taxes

The main change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the Company's financial statements. Deferred tax assets and liabilities are the amounts of income taxes recoverable and payable, respectively, in future periods in respect of temporary differences between the carrying amount of the liability or asset in the statement of financial position and the amount attributed to that liability or asset for tax purposes; and the carry forward of unused tax losses. Currently, the Company does not recognise deferred tax in the financial statements.

The Company will adopt TAS 12 with effective from August 1, 2013. The effects of the change will be recognised retrospectively in the financial statements and the statement of financial position as at July 31, 2013 and August 1, 2012 will be adjusted accordingly. The management estimates that the impact on the statement of financial position as at July 31, 2013 and August 1, 2012 will be as follows:

| | Unit: Baht | |
|---|---------------|----------------|
| | July 31, 2013 | August 1, 2012 |
| The Statements of financial position | | |
| Increase in deferred tax assets | 8,481,844.68 | 7,667,428.24 |
| Increase in deferred tax liabilities | 685,279.72 | - |
| Increase in retained earnings | 7,796,564.96 | 7,667,428.24 |
| Increase in shareholders' equity | 7,796,564.96 | 7,667,428.24 |

| | Unit: Baht |
|--|---------------|
| The statements of comprehensive income for the year ended July 31, 2013 | |
| The comprehensive income for the year | |
| The amount before adjust in | 48,014,648.05 |
| Adjust deferred tax | 129,136.72 |
| The amount after adjusting | 48,143,784.77 |
| Earnings per share | |
| Increase basic earnings per share (Baht per share) | 0.26 |

- b) Thai Accounting Standards (TAS), Thai Financial Reporting Interpretations (TFRI) and Thai Interpretations (TI) which are effective for the financial statements for the period beginning on or after January 1, 2014 as follows:

| TAS/TFRI/TI | Topic |
|-----------------------|---|
| TAS 12 (revised 2012) | Income Taxes |
| TFRI 1 | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| TFRI 4 | Determining whether an Arrangement contains a Lease |
| TFRI 5 | Rights to Interests arising from Decommission, Restoration and Environmental Rehabilitation Funds |
| TFRI 7 | Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies |
| TFRI 10 | Interim Financial Reporting and Impairment |
| TFRI 12 | Service Concession Arrangements |
| TFRI 13 | Customer Loyalty Programmes |
| TFRI 17 | Distributions of Non-cash Assets to Owners |

| TAS/TFRI/TI | Topic |
|-------------|--|
| TFRI 18 | Transfers of Assets from Customers |
| TI 15 | Operating Leases-Incentives |
| TI 27 | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| TI 29 | Service Concession Arrangements: Disclosures |
| TI 32 | Intangible Assets-Web Site Costs |

The management of the Company is assessing the impacts of these interpretations on the financial statements for the period in which they are initially applied.

- c) Thai Financial Reporting Standard (TFRS) which is effective for the financial statements for the period beginning on or after January 1, 2016 as follows:

| TFRS | Topic |
|------------|---------------------|
| TFRS No. 4 | Insurance Contracts |

The management of the Company is assessing the impacts of this standard on the financial statements for the period in which they are initially applied.

3. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

Revenue and expenses recognition

Sales of goods

Sales of goods and cost of sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts.

Interest income and other income

Interest income and other income are recognized on an accrual basis.

Expenses

Expense is recognized in the statement of income on accrual basis.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

Trade receivables, other receivables and allowance for doubtful accounts

Trade and other receivables are stated at the net realizable value. The Company has provided the allowance for doubtful accounts for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection history, the current financial status of accounts receivable and analysis of debt aging.

Investments

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

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

Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).

Inventories and allowance for diminution in value

Finished goods and work in process are valued at the lower of cost calculated by moving average and net realizable value. The costs of purchased inventories comprise of the raw materials, direct labor, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities.

Raw materials are valued at the lower of cost calculated by moving average and net realizable value and are charged to production costs whenever consumed. The costs of purchased inventories comprise of the purchase price, conversion cost and other costs directly attributed to the acquisition of goods.

Allowance for diminution in value of inventories is recorded by considering old, slow-moving and obsolete inventories.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and less accumulated impairment loss (if any).

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful life as follows:

| | Use full life (Years) | |
|------------------------------------|------------------------------|-------------------|
| | <u>New</u> | <u>Old</u> |
| Building and building improvements | 37 - 40 | 20 |

Property, plant and equipment

Land is stated at their revalued amounts, the revalued amount is the fair value determined at the date of revaluation less subsequent accumulated impairment losses (if any). Buildings and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss. When revalued land is sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Revalued assets

Revaluations are performed by independent professional appraiser with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in land value, on revaluation, is recognized in other comprehensive income and presented in the “Revaluation surplus on land” unless it offsets a previous decrease in value recognized in profit or loss in respect of the same land. A decrease in value is recognized in profit or loss to the extent it exceeds an increase previously recognized in other comprehensive income in respect of the same land. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

| | Use full life (Years) | |
|-------------------------|------------------------------|-------------------|
| | <u>New</u> | <u>Old</u> |
| Buildings - condominium | 20 | 20 |
| Buildings - Factory | 37 - 40 | 20 |
| Buildings improvements | 5 | 5 |
| Machinery and equipment | 5 and 10 | 5 and 10 |
| Furniture | 5 | 5 |
| Computer | 3 | 3 |
| Vehicles | 5 | 5 |

No depreciation is provided on freehold land, assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Repairs and maintenance are charged to the statement of income during the financial years in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Reclassification to property, plant and equipment

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its book value.

Impairment of assets

At each reporting date, the Company performs impairment reviews in respect of the property, plant and equipment whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the statements of comprehensive income.

Employee benefits

Short-term benefits

The Company recognises salaries, wages, bonus and social security contribution as expenses on an accrual basis.

Post-employment benefits – defined benefit plan

The employee benefits liabilities in relation to the severance payment under the labor law is recognized as a charge to results of operations over the employee's service period. It is calculated by the estimation of the amount of future benefit to be earned by the employee in return for the service provided to the Company through the service period up to the retirement age and the amount is discounted to determine the present value. The reference discount rate is the yield rate of government bonds as at the reporting date. The calculation is based on the actuarial technique using the Projected Unit Credit Method.

When the employee benefits are improved, the portion of the increased benefit relating to past service rendered by employee is recognized in the statement of income on a straight-line basis over the average period until the benefits become vested.

When the actuarial assumptions are changed, the Company recognizes actuarial gains or losses in the profit or loss in the period in which they arise.

Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the date of statements of financial position.

Gains and losses on exchange are included in determining income.

Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the profit or loss for the periods by the number of weighted average ordinary shares which are issued during the period.

Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Income tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the date of statements of financial position and applicable to the reporting period, and any adjustment to tax payable in respect in previous years.

Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant accounting judgments and estimates are as follows:

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, current financial status of the debts, aging profile of outstanding debts and the prevailing economic condition.

Allowance for diminution in value of inventory

Allowances for diminution in the value of inventory accounts are intended to adjust the value of inventory for probable credit losses. The management uses judgment to estimate losses, based on an analysis of inventory aging, taking into account the current situation with respect to sales of inventory items, on a specific basis. However, the use of different estimates and assumptions could affect the amounts of allowance for diminution in value of inventory in the future.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Company's plant and equipment and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

4. TRANSACTIONS WITH RELATED PARTIES

Related parties are those parties linked to the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

Relationships with related parties that control the Company or are being controlled by the Company or have transactions with the Company were as follows:

4.1 Related party consist of:

| Name | Country | Relationship | Status |
|---|----------|---|------------------|
| Culminate Airy Co., Ltd. | Thailand | The Company's director has participated in the marketing coordination team in such company (only products that purchased from the Company). | Operation-active |
| Compass East Land & Development Co., Ltd. | Thailand | Common directors and shareholders | Operation-active |

4.2 The balances of the accounts between the Company and the related parties as at July 31, 2013 and 2012, are as follows:

| | Unit: Baht | |
|---|----------------------|----------------------|
| | 2013 | 2012 |
| Trade receivable related party - net | | |
| Culminate Airy Co., Ltd. | 42,787,601.11 | 56,264,065.75 |
| <u>Less</u> allowance for doubtful accounts | (15,618,500.00) | (15,618,500.00) |
| Total trade receivable related party - net | 27,169,101.11 | 40,645,565.75 |
| Other account payables-related parties | | |
| Compass East Land & Development Co., Ltd. | 30,000.00 | - |
| Total other account payables-related parties | 30,000.00 | - |

4.3 The transactions with related parties for the year ended July 31, 2013 and 2012, are as follows:

| | Unit: Baht | | Transfer pricing policy |
|---|---------------|---------------|--|
| | 2013 | 2012 | |
| Related parties | | | |
| Culminate Airy Co., Ltd. | | | |
| Sale of goods | 45,004,155.69 | 59,502,297.21 | Normal goods: cost plus margin 5% - 18% Slow - moving goods: cost deduct discount 40% - 50% |
| Rental income and utility | 1,800,000.00 | 1,853,870.33 | Market price |
| Promotion expense | 2,000,000.00 | - | Contract price |
| Compass East Land & Development Co., Ltd | | | |
| Office space rental expense | 270,000.00 | - | Contract price |

4.4 Key management personnel compensation

Key management personnel compensation for the year ended July 31, 2013 and 2012, consisted of:

| | Unit: Baht | |
|--|---------------------|---------------------|
| | 2013 | 2012 |
| Short-term benefits | 2,322,768.00 | 2,106,382.50 |
| Post-employment benefits | 57,816.52 | 57,816.52 |
| Total key management personnel compensation | 2,380,584.52 | 2,164,199.02 |

4.5 On July 25, 2008, the Company entered into a building lease agreement with Culminate Airy Co., Ltd. The leased areas are used for their office and store, for the period from May 1, 2009 to April 30, 2010, with the rental fee of Baht 300,000 per month. On April 1, 2010, the Company entered into a renew building lease agreement with the counter party. The leased areas are used for their office and store, for the period from May 1, 2010 to April 30, 2015, with the rental fee of Baht 150,000 per month.

4.6 The Company has entered into the Assignment Agreement with management on December 30, 1997, which enables the rights to the use of intellectual personal property, trademarks and licenses held by the management to be used by the Company for its business, without compensation.

4.7 On July 20, 2012, the Company entered into a office space lease agreement with Compass East Land & Development Co., Ltd. The leased areas are used for the Company's office, for the period from August 1, 2012 to July 31, 2013, with the rental fee of Baht 20,000 per month. After that on April 1, 2013 has been increase rental fee of Baht 30,000 per month with effect from May 1, 2013 onwards.

5. CASH AND CASH EQUIVALENTS

As of July 31, 2013 and 2012, this account consisted of:

| | Unit: Baht | |
|---|-----------------------|-----------------------|
| | 2013 | 2012 |
| Cash on hand | 65,035.43 | 59,411.08 |
| Current deposits | 1,200.00 | 1,200.00 |
| Saving deposits | 18,322,538.76 | 19,120,817.39 |
| Negotiable certificate of deposit not over 3 months | 501,783,668.78 | 58,650,000.00 |
| 3-month fixed deposits | - | 80,000,000.00 |
| Total cash and cash equivalents | 520,172,442.97 | 157,831,428.47 |

6. TEMPORARY INVESTMENT

As of July 31, 2013 and 2012, this account consisted of:

| | Unit: Baht | |
|--|---------------------|-----------------------|
| | 2013 | 2012 |
| Fixed deposits | 8,000,000.00 | 304,000,000.00 |
| Securities for trading | 69,960.00 | 1,831,000.00 |
| Bill of exchange | - | 10,000,000.00 |
| Total | 8,069,960.00 | 315,831,000.00 |
| Investments in securities for trading consisted of : | | |
| Net carrying value as at August 1, | 1,831,000.00 | 1,701,500.00 |
| Purchases | 3,002,104.38 | 5,800,706.98 |
| Disposals | (4,900,571.64) | (5,591,436.62) |
| Changes in fair value of securities | 137,427.26 | (79,770.36) |
| Net carrying value as at July 31, | 69,960.00 | 1,831,000.00 |

7. TRADE AND OTHER RECEIVABLES - NET

As of July 31, 2013 and 2012, this account consisted of:

| | Unit: Baht | |
|---|----------------------|----------------------|
| | 2013 | 2012 |
| Trade receivables | | |
| Trade receivable-related party | 42,787,601.11 | 56,264,065.75 |
| <u>Less</u> allowance for doubtful accounts | (15,618,500.00) | (15,618,500.00) |
| Total trade receivables - net | 27,169,101.11 | 40,645,565.75 |
| Other receivables | | |
| Advance payment for inventories | 2,309,753.02 | 2,532,773.28 |
| Receivable from disposal of machinery | - | 3,045,199.83 |
| Accrued interest receivable | | |
| - Fixed deposits | 49,310.89 | 1,713,819.17 |
| - Promissory note | - | 57,351.78 |
| - Negotiable certificate of deposit | 1,101,278.08 | 63,123.29 |
| - Loan to Tanyarungroengchai Rice Mill (Thailand) Co., Ltd. | 6,725,753.43 | 4,234,520.55 |
| Withholding Tax | - | 944,640.68 |
| Others | 1,198,992.96 | 1,561,603.45 |
| Total | 11,385,088.38 | 14,153,032.03 |

Unit: Baht

| | 2013 | 2012 |
|--|----------------------|----------------------|
| <u>Less</u> allowance for doubtful accounts | | |
| - Receivable from disposal of machinery and others | (41,930.34) | (3,087,130.17) |
| - Accrued interest receivable | (6,725,753.43) | (4,234,520.55) |
| Total other receivables - net | 4,617,404.61 | 6,831,381.31 |
| Trade and other receivables - net | 31,786,505.72 | 47,476,947.06 |

As at July 31, 2013 and 2012, the Company had outstanding balances of trade receivable-related party aged by number of days as follows:

Unit: Baht

| | 2013 | 2012 |
|---|----------------------|----------------------|
| Trade account receivable-related party | | |
| Within credit term | 22,945,777.60 | 32,010,931.00 |
| Overdue 1 - 90 Days | 12,800,952.00 | 15,159,253.00 |
| Overdue 91- 180 Days | 7,040,871.51 | 9,093,881.75 |
| Total | 42,787,601.11 | 56,264,065.75 |
| <u>Less:</u> allowance for doubtful accounts | (15,618,500.00) | (15,618,500.00) |
| Total trade account receivable-related party - net | 27,169,101.11 | 40,645,565.75 |

8. SHORT-TERM LOAN TO OTHER COMPANY

Movements for the year ended July 31, 2013 are as follows:

Unit: Baht

| | August 1, 2012 | Increase | Decrease | April 30, 2013 |
|---------------------------|----------------|----------|--------------|----------------|
| <u>Short-term loan to</u> | | | | |
| Local company | 300,000.00 | - | (300,000.00) | - |

On November 11, 2010, the Company entered into a loan agreement with another local company with total amount of Baht 6 million, interest rate bears 6% p.a. According to the agreement, the lender agrees to repay Baht 2 million per semi-annual installment started from May 11, 2011 to May 11, 2012. This loan is secured by condominium unit of the borrower, which has value of Baht 8.49 million as per appraisal report of dated August 10, 2010.

During the first quarter ended October 31, 2012, the Company has already received principal repayment in full amount.

9. INVENTORIES - NET

As of July 31, 2013 and 2012, this account consisted of:

| | Unit: Baht | |
|--|----------------------|----------------------|
| | 2013 | 2012 |
| Finished goods | 14,988,315.53 | 28,489,727.06 |
| Work in process | 5,050,178.39 | 12,379,546.68 |
| Raw materials | 3,289,900.20 | 3,606,437.22 |
| Goods in transit | 767,041.46 | 677,859.37 |
| Total | 24,095,435.58 | 45,153,570.33 |
| <u>Less</u> allowance for diminution in value of inventories | (9,232,113.74) | (20,766,160.42) |
| Total inventories - net | 14,863,321.84 | 24,387,409.91 |

10. OTHER LONG-TERM INVESTMENT

As of July 31, 2013 and 2012, this account consisted of:

| | Share Holding | Unit: Baht | |
|--------------------------|---------------|---------------|---------------|
| | % | 2013 | 2012 |
| Siam Water Resource Plc. | 8.33 | 49,950,000.00 | 49,950,000.00 |

11. LONG-TERM LOAN TO OTHER COMPANY - NET

Movements for the year ended July 31, 2013, are as follows:

| | Unit: Baht | | | |
|--|----------------------|----------|----------|----------------------|
| | 2012 | Increase | Decrease | 2013 |
| Long-term loan to other company | 76,680,908.22 | - | - | 76,680,908.22 |
| <u>Less</u> allowance for doubtful debt accounts | (23,980,908.22) | - | - | (23,980,908.22) |
| Total long-term loan to other company - net | 52,700,000.00 | - | - | 52,700,000.00 |

On March 18, 2009, the Company entered into a loan agreement with a local company with loan-to-equity conversion option in the amount of Baht 70.00 million. The loan bears interest rates at 6% p.a.. In case that the Company opts not to convert, the interest rate will bears 15% p.a.. This loan is secured by 800,000 ordinary shares, at Baht 100 par value, of that company held by a shareholder and joint guaranteed by a management of the said company. In April 2009, the Company and that company agreed to stipulate this loan to be redeemed on June 30, 2010 and its interest will be paid starting in May 2009 to June 2010.

In July 2010, the Company agreed to extend the repayment to December 2010 and transferred accrued interest amounted of Baht 6.68 million to be a part of principal. Subsequently, in December 2010, the borrower default to pay and asked to extend the repayment period of such principal and stop to bear interest for the accrued interest which is a part of principal in the amount of Baht 6.68 million. The Company provides allowance for doubtful debt for such accrued interest in full amount. However, the borrower made payment for interest only till July 2011.

The borrower still default to pay interest income which occurred during the year ended July 31, 2013, in the amount of Baht 2.50 million and accrued interest from last year in the amount of Baht 4.23 million, totaling of accrued interest is Baht 6.73 million. As at July 31, 2013, these amounts were presented as accrued interest in trade and other receivables - net (See Note no. 7). The Company provides allowance for doubtful debt for such accrued interest in full amount.

At present, the parties are still in the process of negotiation for preparing of the draft of loan restructuring. The Company has calculated book value of ordinary shares which is the security for this loan by based on the audited financial statements of the borrower as at December 31, 2011, which is totally Baht 52.7 million approximately, and provides allowance for doubtful debt for the difference between such book value and balance of such loan as at July 31, 2012, in the amount of Baht 17.3 million.

In addition, the Company has also assessed the book value of such ordinary shares by based on the latest audited financial statements as at December 31, 2012 of the borrower which is approximately Baht 54.02 million. The Management considers that such allowance for doubtful debt is sufficient and covers the effect from negotiation for such loan restructuring.

The primary guideline under the draft of loan restructuring, the borrower will repay the loan principal on monthly basis and will repay the accrued interest in the whole amount on the date of signing loan restructuring agreement. The interest will be 3.75% per annum for the first 12 months and after that will be MLR per annum.

12. INVESTMENT PROPERTY - NET

| | Unit: Baht | | |
|--|---------------------------------|-------------------------------------|-----------------------|
| | Land and improvement | Building and improvement | Total |
| Cost | | | |
| As at August 1, 2012 | 18,246,651.91 | 93,920,936.15 | 112,167,588.06 |
| Increasing | - | - | - |
| Transfer - in additional lease portion from property, plant and equipment | - | 4,496,373.93 | 4,496,373.93 |
| Written off | (1,025,745.87) | - | (1,025,745.87) |
| As at July 31, 2013 | 17,220,906.04 | 98,417,310.08 | 115,638,216.12 |
| Accumulated depreciation | | | |
| As at August 1, 2012 | - | 81,969,280.44 | 81,969,280.44 |
| Depreciation for the year | - | 1,901,162.17 | 1,901,162.17 |
| Transfer - in additional lease portion from property, plant and equipment | - | 4,099,669.97 | 4,099,669.97 |
| As at July 31, 2013 | - | 87,970,112.58 | 87,970,112.58 |
| Net book value | | | |
| As at July 31, 2012 | 18,246,651.91 | 11,951,655.71 | 30,198,307.62 |
| As at July 31, 2013 | 17,220,906.04 | 10,447,197.50 | 27,668,103.54 |

The Company has requested Bangkok Property Appraisal Co., Ltd. as an independent appraiser to appraise its land and building with the total appraisal value of Baht 311.47 million by Sales Comparison Approach for land and condominium, and Replacement cost Approach for factory building as per their appraisal report date on July 4 and 5, 2012. Accordingly the appraisal value of investment properties based on the rent space proportion is valued at Baht 214.71 million.

Depreciations for the year ended July 31, 2013 and 2012, have been charged to statements of comprehensive income amounted of Baht 1.90 million and Baht 7.09 million, respectively.

As at July 31, 2013 and 2012, certain investment properties have been fully depreciated but are still in use. The original costs of those assets are Baht 18.30 million.

13. PROPERTY PLANT AND EQUIPMENT - NET

Movements of the property plant and equipment during the year ended July 31, 2012 are summarized below:

| | Unit: Baht | | | | | | | |
|---|---------------------------------|-------------------------------------|----------------------------|-------------------------|--------------|-------------------------|--------------|----------------|
| | Land and improvements - Cost | Land and improvements - Revalued | Buildings and improvements | Machinery and equipment | Utilities | Furniture and equipment | Vehicles | Total |
| Cost/ Revalued | | | | | | | | |
| As at August 1, 2012 | 8,563,571.66 | 36,261,129.72 | 46,248,359.44 | 1,046,656.80 | 4,690,594.62 | 5,406,264.23 | 6,012,868.08 | 108,229,444.55 |
| Increasing | - | - | - | - | - | 114,346.73 | - | 114,346.73 |
| Transfer out additional lease | | | | | | | | |
| portion to investment properties | - | - | (4,496,373.93) | - | - | - | - | (4,496,373.93) |
| Write-off | (501,145.87) | - | - | - | - | - | - | (501,145.87) |
| Adjust revalue of land and improvements | - | 501,145.87 | - | - | - | - | - | 501,145.87 |
| Disposal | - | - | - | - | - | (3,727,198.35) | - | (3,727,198.35) |
| As at July 31, 2013 | 8,062,425.79 | 36,762,275.59 | 41,751,985.51 | 1,046,656.80 | 4,690,594.62 | 1,793,412.61 | 6,012,868.08 | 100,120,219.00 |
| Accumulated depreciation | | | | | | | | |
| As at August 1, 2012 | - | - | 41,094,349.04 | 992,612.96 | 4,690,572.63 | 5,159,823.66 | 5,390,638.52 | 57,327,996.81 |
| Depreciation for the year | - | - | 596,475.65 | 4,058.64 | - | 81,006.52 | 219,800.88 | 901,341.69 |
| Transfer out increasing rental to investment property | - | - | (4,099,669.97) | - | - | - | - | (4,099,669.97) |
| Disposal | - | - | - | - | - | (3,727,040.35) | - | (3,727,040.35) |
| As at July 31, 2012 | - | - | 37,591,154.72 | 996,671.60 | 4,690,572.63 | 1,513,789.83 | 5,610,439.40 | 50,402,628.18 |
| Net book value | | | | | | | | |
| As at July 31, 2012 | 8,563,571.66 | 36,261,129.72 | 5,154,010.40 | 54,043.84 | 21.99 | 246,440.57 | 622,229.56 | 50,901,447.74 |
| As at July 31, 2013 | 8,062,425.79 | 36,762,275.59 | 4,160,830.79 | 49,985.20 | 21.99 | 279,622.78 | 402,428.68 | 49,717,590.82 |

Depreciations for the year ended July 31, 2013 and 2012, have been charged to statements of comprehensive income amounted of Baht 0.90 million and Baht 3.08 million, respectively.

As at July 31, 2013 and 2012, certain property, building and equipment items have been fully depreciated but are still in use. The original cost of those assets are Baht 22.94 million and Baht 27.88 million, respectively.

In the first quarter ended October 31, 2011, the Company had an independent appraiser, appraise its land and building based on the appraisal report of American Appraisal (Thailand) Ltd. dated December 8, 2011, using the Sales Comparison Approach. The Company recorded appraisal value of land in excess from their cost in “revaluation surplus” under “Other components of shareholders’ equity” in the statements of comprehensive income.

Subsequently, in the fourth quarter ended July 31, 2012, the Company had an independent appraiser, appraise its land and building based on the appraisal report of Bangkok Property Appraisal Co., Ltd. dated July 4, 2012, using the Sales Comparison Approach. The Company recorded appraisal value of land in excess from their cost in “revaluation surplus” under “Other components of shareholders' equity” in the statements of comprehensive income.

14. TRADE AND OTHER PAYABLES

As of July 31, 2013 and 2012, this account consisted of:

| | Unit: Baht | |
|---|----------------------|----------------------|
| | 2013 | 2012 |
| Trade payables | | |
| Trade payables - Domestic | 598,258.16 | 3,115,957.17 |
| Trade payables - Foreign | 319,459.95 | 1,675,616.12 |
| Total trade account payables | 917,718.11 | 4,791,573.29 |
| Other payables | | |
| Other account payables-related party | 30,000.00 | - |
| Other payables - Domestic | 319,671.11 | 251,472.16 |
| Provisions for GSP Tax privileges termination | 12,262,162.45 | 12,262,162.45 |
| Accrued lawyer fee | 558,860.26 | 558,860.26 |
| Accrued dividend | 2,602,643.56 | 2,602,985.56 |
| Withholding tax payable | 62,559.07 | 91,019.97 |
| Advance deposit | 1,345,751.00 | 2,987,511.00 |
| Accrued bonus | 600,000.00 | 600,000.00 |
| Accrued salary and wage | 584,735.79 | 703,652.17 |
| Other accrued expenses | 1,242,688.64 | 1,296,310.43 |
| Total other payables | 19,609,071.88 | 21,353,974.00 |
| Total trade and other account payables | 20,526,789.99 | 26,145,547.29 |

15. PROVISION FOR TAX ASSESSMENT

During the year 2000, an anonymous allegation was received from the Revenue Department 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 from this reserve to Revenue Department amounting to Baht 25.4 million. Moreover, during the year ended on July 31, 2008, the Company also paid partial of income tax from this reserve to Revenue Department amounting to Baht 7.33 million.

After that, in the third quarter ended April 30, 2013, the Company reversed all amount of the provision for tax assessment due to the end of prescription and records that reverse in other income in the statement of comprehensive income.

16. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefit obligations in the statements of financial position as at July 31, 2013 and 2012, consisted of:

| | Unit: Baht | |
|---|---------------------|---------------------|
| | 2013 | 2012 |
| <u>Post-employment benefit plan</u> | | |
| Present value of obligation | 2,470,448.00 | 2,222,537.00 |
| Unrecognized actuarial gains (losses) | - | - |
| Unrecognized past service costs | - | - |
| Employee benefit obligations - net | 2,470,448.00 | 2,222,537.00 |

The Company provided defined benefit plan in accordance with severance payment as the labor law which entitled retired employee within work service period in various rates, such as more than 10 years to receive severance payment not less than 300 days or 10 months of the last month salary.

Movement of the present value of employee benefits obligation for the year ended July 31, 2013 and 2012, as follows:

| | Unit: Baht | |
|---|---------------------|---------------------|
| | 2013 | 2012 |
| <u>Post-employment benefit plan</u> | | |
| Employee benefit obligation - beginning, | 2,222,537.00 | 1,974,622.00 |
| Benefits paid | - | - |
| Current service cost | 159,150.26 | 159,150.26 |
| Interest cost | 88,760.74 | 88,764.74 |
| Actuarial (gain) losses | - | - |
| Employee benefit obligation - ending, | 2,470,448.00 | 2,222,537.00 |

Employee benefit expenses in the statements of comprehensive income for the year ended July 31, 2013 and 2012, consisted of:

| | Unit: Baht | |
|---|-------------------|-------------------|
| | 2013 | 2012 |
| <u>Post-employment benefit plan</u> | | |
| Current service cost | 159,150.26 | 159,150.26 |
| Interest from obligation | 88,760.74 | 88,764.74 |
| Net actuarial (gains) losses recognized in the period | - | - |
| Total employee benefits expenses | 247,911.00 | 247,915.00 |

Employee benefit expenses for the year ended July 31, 2013 and 2012, as shown in the statements of comprehensive income.

| | Unit: Baht | |
|---|-------------------|-------------------|
| | 2013 | 2012 |
| <u>Employee benefit expenses</u> | | |
| Cost of sales | 1,331.00 | 1,330.68 |
| Administrative expenses | 246,580.00 | 246,584.32 |
| Total employee benefits expenses | 247,915.00 | 247,915.00 |

Principal actuarial assumptions as at July 31, 2013 and 2012 (expressed as weighted averages) as follows:

| | |
|--------------------------------|-----------------------------|
| Discount rate at July 31, 2012 | 4.16% |
| Future salary increases | 4.18% |
| Mortality rate | Mortality table in the year |

The actuarial assumption of discount rate is estimated from weighted average of yield rate of government bonds as at the end of reporting date that reflects the estimated timing of benefit payments.

The actuarial assumption of mortality rate for reasonable estimation of probability of retirement in the future is estimated from mortality table.

17. COMMITMENTS AND CONTINGENT LIABILITIES

As of July 31, 2013 there are outstanding commitments and contingent liabilities as follows:

| | Unit: Million Baht | | |
|---|--------------------|------|--------|
| | Credit arrangement | Used | Unused |
| 1) Letters of credits and trust receipt | 70 | - | 70 |
| 2) Packing Credit(P/C) and Bills Receivable under L/C | 30 | - | 30 |
| 3) Letters of guarantee | 10 | (2) | 8 |
| 4) Overdraft | 5 | - | 5 |

As at July 31, 2013 and 2012, the Company had commitments with a bank for issuing letter of guarantee to guarantee the performance contract with the Customs Department to be the gold card importer and exporter in the amount of Baht 1.00 million and guarantee the usage of electricity with Metropolitan Electricity Authority in the amount of Baht 0.86 million.

The above facilities were guaranteed by the Company's director in the amount of Baht 140 million credit limit and the Company has provided the Negative Pledge to the financial institutions whereby the Company agreed not to sell, transfer, mortgage, pledge, encumber or grant any preferential right in relation to the Company's assets.

18. LEGAL RESERVE

Pursuant to the Public Limited Companies Act B.E. 2535, the Company must appropriate the annual net profit to be a reserve fund which not less than five percent of the annual net profit deducted by the total deficit brought forward (if any) until reserve reaches an amount of not less than ten percent of the registered capital. This legal reserve is not available for dividend distribution. The Company has already appropriated the legal reserve reaches 10% of the Company's registered capital.

19. DIVIDEND PAID

The minute of the board of directors meetings of the Company No. 12/2011 held on September 28, 2011, approved the payment of interim dividend of Baht 0.38 per share from the nine-month period operation ended April 30, 2011, in the total amount of Baht 71.55 million on October 27, 2011.

20. INCOME TAX

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated December 14, 2011 grants a reduction in the corporate income tax rate from 30% to 23% on net profit for the accounting period 2012 beginning on or after January 1, 2012, and will be reduced to 20% on net profit for the two consecutive accounting periods beginning on or after January 1, 2013 onwards.

21. PRESENTATION OF SEGMENT INFORMATION

The Company's business operations involve two principal segments: (1) manufacture and distribution of ceiling fan and (2) renting property. These operations are mainly carried on in Thailand. Below is the financial information for the years ended July 31, 2013 and 2012 of the Company by segment.

| Unit: Million Baht | | | | | |
|--|---|----------|------------------|----------|------------|
| | Manufacture and distribution of ceiling fan | | Renting property | | Total |
| | 2013 | 2012 | 2013 | 2012 | |
| | | | | | |
| Revenue | 45 | 59 | 20 | 16 | 65 |
| Cost of sales and cost of renting property | (39) | (50) | (2) | (7) | (41) |
| Segment gross profits | 6 | 9 | 18 | 9 | 24 |
| Selling expenses | (2) | - | (1) | (1) | (3) |
| Unallocated other income and expenses: | | | | | |
| Other income | | | | | 55 |
| Administrative expenses | | | | | (23) |
| Profit(loss) before income tax | | | | | 53 |
| Income tax | | | | | (5) |
| Profit(loss) for the year | | | | | 48 |
| Other comprehensive income for the year | | | | | |
| Gain on asset revaluation | | | | | - |
| Adjustment of revaluation surplus of asset | | | | | 1 |
| Total comprehensive income for the year | | | | | 49 |
| Investment property - net | - | - | 28 | 30 | 28 |
| Property plant and equipment - net | 50 | 51 | - | - | 50 |
| Unallocated assets | | | | | 678 |
| Total assets | | | | | 756 |

22. FINANCIAL INSTRUMENTS

Credit risk

The Company has significant concentration credit risk result from the Company has few trade receivables. However, the Company's management consider that credit risk do not exceed the amount of its allowance for doubtful accounts.

Interest rate risk

The Company's exposures to interest rate risk relate primarily to its cash at banks and negotiable certificate of deposit from the financial institution. However, since most of such financial assets classify in short-term, the Company do not provide financial derivatives to protect against such risk.

Foreign currency risk

The Company exposed to foreign currency related primarily to its assets and liabilities in foreign currencies which were not hedged the foreign currency. As of July 31, 2013 are summarized as below:

| Currency | Assets | | Liabilities | |
|----------------------|-----------------|-----------------|-----------------|-----------------|
| | Foreign current | Baht equivalent | Foreign current | Baht equivalent |
| United States Dollar | 173,167.16 | 5,404,650.96 | 10,145.00 | 319,459.95 |
| Renminbi | 3,079.00 | 15,035.43 | - | - |

Fair values of financial instruments

Fair value of the major financial assets and liabilities approximate at their carrying amounts.

23. RECLASSIFICATION

Certain amounts in the financial statement as of July 31, 2012, have been reclassified to conform to the current period's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follows:

| Account | Unit: Baht | | |
|--|------------------------|---------------------|-----------------|
| | As previously reported | Reclassified amount | As reclassified |
| Statement of comprehensive income | | | |
| Gain on disposal of assets | 221,510.79 | (221,510.79) | - |
| Gain on sales of temporary investment | 162,397.77 | (162,397.77) | - |
| Other income | 2,145,537.58 | 220,405.43 | 2,365,943.01 |
| Administrative expenses | (50,824,109.09) | 163,503.13 | (50,660,605.96) |

24. SUBSEQUENT EVENT

The board of directors meetings No. 4/2013 held on August 13, 2013, approved to incorporate a subsidiary, C.E.I. (Chiangmai) Co., Ltd. to invest in land and construction including other assets in the project of Dining and Lanna Cultural Centre (Khum Khantoke) which operate in the business of catering and Lanna Cultural Centre. The Company will held 99.99% of its subsidiary authorized share capital of Baht 1 million to be the total investment of Baht 0.99 million. In addition, such the board of directors meeting approved to provide financial supporting to its subsidiary company in the amount of Baht 364 million to invest in the project. The Company has already registered its subsidiary with Ministry of Commerce on August 22, 2013.

25. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the authorized directors of the Company on September 24, 2013.



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