



GROWTH TOGETHER

Pranda Jewelry Public Company Limited to be the best

Annual Report
2009



บริษัทภิบาลแห่งชาติ บริษัทภิบาลแห่งชาติ บริษัทภิบาลแห่งชาติ บริษัทภิบาลแห่งชาติ
National CG Committee National CG Committee National CG Committee National CG Committee

Very Good Corporate Governance Scoring



GROWTH TOGETHER

to be the best

To thrive together....to move towards excellence,

To recover from economic crisis through robust business partnership.

Ready to shape up future with brand and committed to perpetual capacity development with ultimate goal to become the excellence in the global jewelry industry.

Vision

“World Class Jewelry Brand Company”

Mission

- Develop the Company's own brand identity to become internationally acclaimed jewelry products.
- Establish production bases for jewelry in international quality.
- Retain competitive edge in distribution bases which span throughout the key regions of the world.
- Maintain financial strength and appropriate risk management.
- Build job security to the Company's employees, trade partners and consistently reasonable returns to the shareholders.
- Comply with the Good Corporate Governance, the principles of Corporate Social Responsibility and the UN Global Compact.

Core Value

- Teamwork
- Continuous Improvement
- Stakeholder Focus



*T*able of Contents

| | |
|----|---|
| 3 | • Highlight of company operation |
| 6 | • Message from Chairman |
| 9 | • The Board of Directors and Management |
| 16 | • Nature of Business |
| 22 | • Brief History and Honorary Rewards of Pranda Group |
| 25 | • Overall Jewelry Market and Company Direction |
| 27 | • Social Responsibility |
| 31 | • Good Corporate Governance Report |
| 46 | • Shareholder and Management Structure |
| | |
| 61 | • General Information |
| 64 | • Risk Factors |
| 66 | • Related Party Transactions |
| 68 | • Management Discussion and Analysis |
| 72 | • Report of the Audit Committee on Corporate Governance |
| 73 | • Report of the Board of Directors's Responsibilities to Financial Report |
| 74 | • Report of Independent Auditor |
| 75 | • Financial Statements |

H

Highlight of Company Operation

Consolidate Financial Statement

| As of for the year ending 31 December | 2009 | 2008 | 2007 | 2006 |
|---|--------|--------|--------|--------|
| FINANCIAL PERFORMANCE (Million Baht) | | | | |
| Sales | 3,664 | 4,030 | 4,359 | 4,076 |
| Cost of sales | 2,368 | 2,727 | 3,052 | 2,718 |
| Gross Margin | 1,296 | 1,303 | 1,307 | 1,358 |
| Earnings before Interest and Tax (EBIT) | 329 | 346 | 449 | 510 |
| Financial Cost | 44 | 56 | 51 | 55 |
| Net profit for the year | 256 | 184 | 406 | 432 |
| FINANCIAL POSITION (Million Baht) | | | | |
| Total Assets | 4,268 | 4,244 | 4,431 | 4,104 |
| Total Liabilities | 1,402 | 1,436 | 1,552 | 1,298 |
| Company's shareholders | 2,866 | 2,808 | 2,879 | 2,806 |
| PER SHARE DATA (Baht) | | | | |
| Basic earning per share | 0.65 | 0.46 | 1.04 | 1.29 |
| Book Value | 7.20 | 7.07 | 7.24 | 8.16 |
| Dividend ^{/1} | 0.53 | 0.40 | 0.55 | 0.65 |
| RATIO ANALYSIS | | | | |
| Gross Margin | 35.36% | 32.33% | 29.98% | 33.31% |
| EBITDA / Sales | 10.98% | 10.27% | 11.81% | 14.03% |
| EBIT / Sales | 8.98% | 8.58% | 10.08% | 12.51% |
| Net Income / Sales | 7.00% | 4.56% | 9.30% | 10.61% |
| Current Ratio (x) | 2.53 | 2.74 | 2.84 | 3.42 |
| ROA | 6.01% | 4.33% | 9.15% | 10.53% |
| ROCE | 8.20% | 9.12% | 10.90% | 12.91% |
| ROE | 8.98% | 6.57% | 14.34% | 15.86% |
| Times Interest Earned (x) | 7.53 | 6.16 | 8.77 | 9.34 |
| Debt to Equity Ratio (x) | 0.49 | 0.51 | 0.54 | 0.46 |

Note : ^{/1} For operating result of 2009, the Board of Director of the Company had a resolution to be proposed to the Shareholder's Annual General Meeting held on April 20, 2010 for an approval to pay dividend at Baht 0.53 per share. The Company had already made the interim dividend payment for the operating result of six month period ended June 30, 2009 at Baht 0.10 per share. Therefore, after getting an approval from the AGM, the Company will have to pay the outstanding dividend to shareholders at Baht 0.43 per share.

Chart of Sales

Million BHT

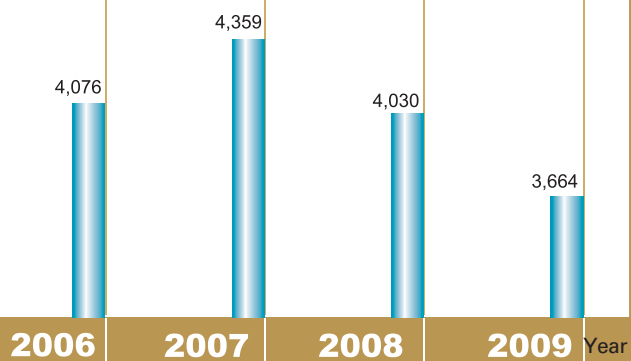


Chart of Profitability

Million BHT

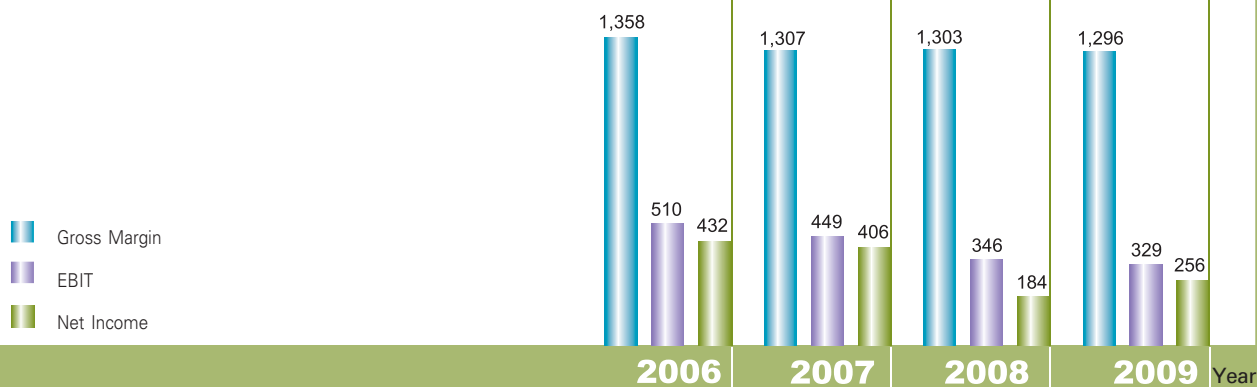


Chart of Liabilities and Equity

Million BHT

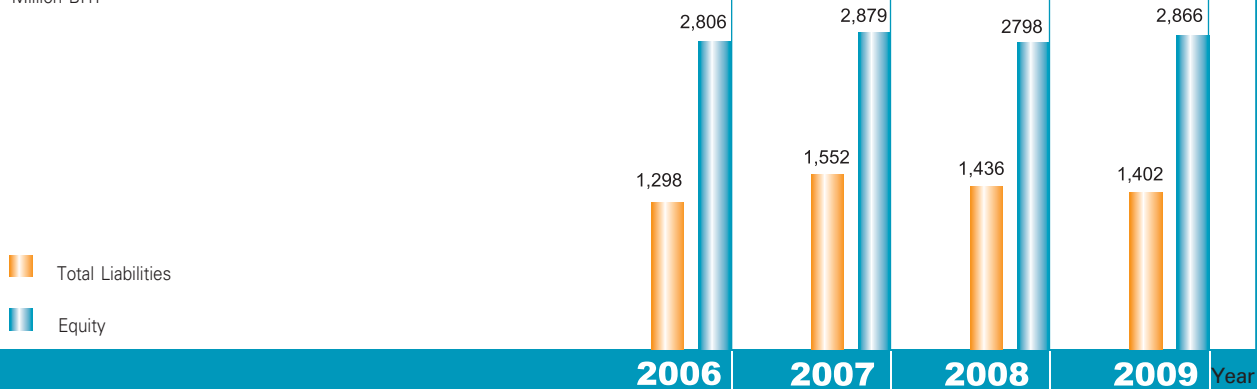


Chart of Capital Structure

(Time : X)

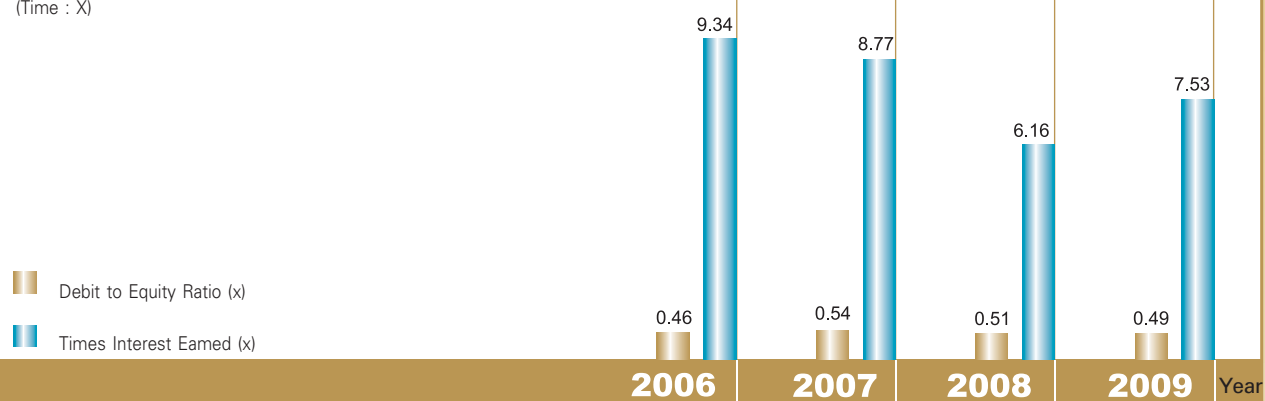


Chart of Return

%

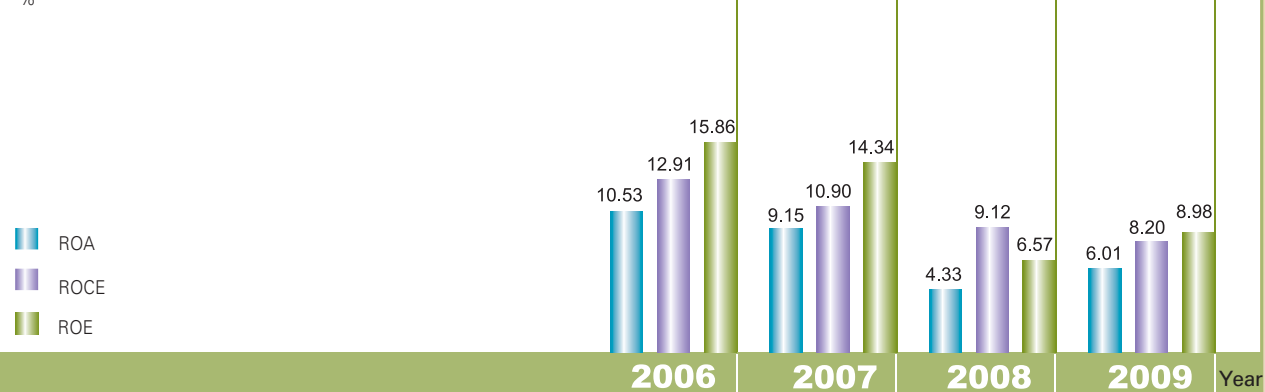
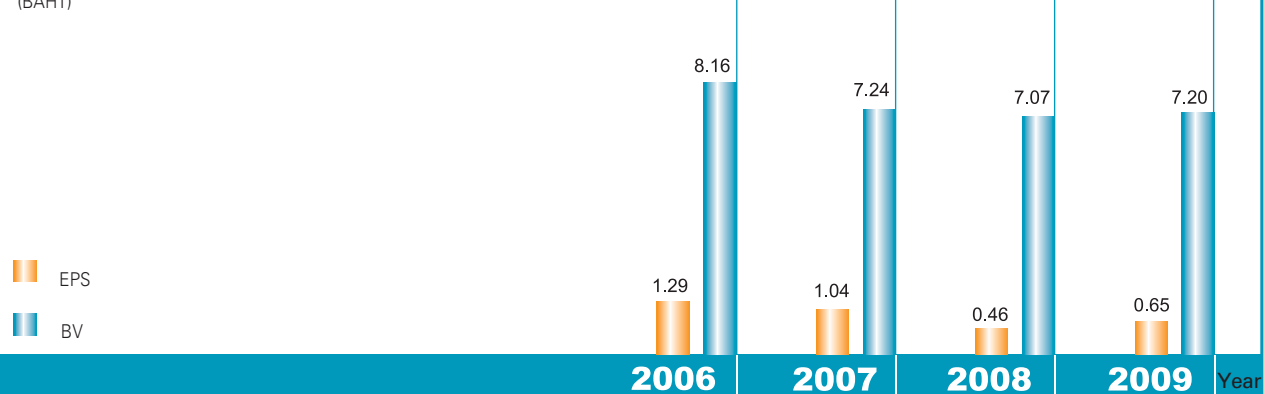


Chart of Corporate Value

(BAHT)





Mr. Prida Tiasuwan

Board Chairman

M

essage from Chairman

To all shareholders

From year 2009 entering to 2010, the global economy has started seeing signs of recovery due to stimulus measures implemented in several countries around the world despite several risk factors still linger such as high unemployment rate, existing bad debts in financial institutions both in the United States and Europe, a hike of oil prices and its prices volatility prospect. Dubai debt crisis, soaring public debts in Greece, and a downgrade in Spain's credit rating because of their weak economic growth and steeply high private debts also play a vital part that may hamper the world's economic recovery.

Despite the world's economy has been still struggling from such challenges, Thailand's gems and jewelry industry has still managed to further growth which well reflects the industry's strong competitiveness. In 2009, the gems and jewelry industry remains top three income contributor based on export values, generating the country worth of US\$ 9,762 million. The industry's uninterrupted growth is attributed mainly to the government's continuous and active support particularly through an elimination of the 7% value-added tax on imported colored stones in a move to promote Thailand as the world's trading hub of international gems, an establishment of free trade area agreements and opening of the new markets such as China, India, Russia and the Middle East as well as special credit facility offered to manufacturers in the industry.

For 2009, Pranda Jewelry Plc is also inevitably subject to the world's economic fallout, as the United States, Europe and Asia which have felt the direct pinch of the crisis are the Company's major markets. In addition, the costs of raw materials for precious metals especially gold have risen substantially, while silver has also experienced drastic price volatility. However, because of solid and balanced foundations as evident by the Company's flexible production which cover eight production bases in five countries including Thailand, Vietnam, China, Indonesia and Germany as well as nine distribution bases consist of distribution and retail operation in nine countries including Thailand, the United States, England, France, Germany, India, Indonesia, Vietnam and China as well as achievement in its own brand and marketing development, the Company has managed to recover its sales steadily since the second quarter of 2009 enabling the Company's whole-year profit reaching 256 million baht compared with 39.37% in a previous year.

Throughout over 30 years in business, the Company has weathered out several crises thanks primarily to prudent risk management policy, marketing risk diversifications, production risk diversifications and its own brand development. From now on, the Company's Board of Directors has pursued strategic planning to usher the Company into **"World Class Jewelry Brand Company"** and set a mission as follows:-

1. To develop the Company's own brand identity to become internationally acclaimed jewelry products.
2. To establish production bases for jewelry in international quality.
3. To retain competitive edge in distribution bases which span throughout the key regions of the world.
4. To maintain financial strength and appropriate risk management.
5. To build job security to the Company's employees, trade partners and consistently reasonable returns to the shareholders.
6. To comply with the Good Corporate Governance, and the UN Global Compact.

The Company has put in place appropriate organizational culture and core values such as teamwork, incessant development and stakeholder focus. The Board of Directors is thus confident that the Company would be able to retain this competitive edge in the long run.

More importantly, in 2009 the Company's Board of Directors has resolved to appoint the core value promotion committee whose roles and responsibilities are to promote and support Share values within the group. Key projects which need the core value promotion committee's support include employee's savings co-operatives in Pranda Group of Companies, a project to promote education and occupations for handicapped persons, sharing and charity project to society, bilateral education scheme, child development center, self-learning centers and community development programs, and activities which promote participation of the Company's employees. The projects which promote participation of employees include waste reduction project, debt reduction project, employee's traveling expense reduction project, health promotion project, innovation campaign, core value and knowledge enhancement project.

And thanks to efficient and effective marketing and production as well as prudent management, Pranda Jewelry has posted steady profits on a subsequent period, enabling the Company to pay dividend for the nine consecutive year at an average annual dividend yield throughout the last nine years equivalent to 9.28% a year. In 2009, the Board of Directors had a resolution to pay dividend at Baht 0.53 per share, totaling Baht 211.07 million or an average dividend yield of 13.6%. The dividend payment represented 58.97% of the Company's net profit, thus conforming to the Company's dividend policy which is committed to paying not more than 60% of the net profit. On September 28, 2009, the Company already paid interim dividend from net income for the six-month period ended June 30, 2009 for the amount of Baht 39.82 million or at Baht 0.10 per share. Therefore, the outstanding dividend to be paid to shareholders after approved by the shareholder's AGM on April 20, 2010 will be at Baht 0.43 per share.

Regarding operating results for 2009, despite the world's economic fallout, the Company's sales turnovers remained relatively strong, with sales totaling 3,664 million baht, a decline of only 9.09 % from a year before, and gross profit staying at 1,296 million baht. Operating profit amounts to 329 million baht and net profit worth 256 million baht, reflecting the Company's capacity to well retain its profitability in spite of the world's economic crisis and a myriad of negative factors.

The Company could also maintain strong and robust financial structure as indicated by the Company's Debt to Equity Ratio which stands at as low as 0.49 times, and Coverage Ratio at 7.53 times. The Company's financial liquidity therefore remains intact.

In 2010, the Company is committed to expanding the market for its own brands including Prima Gold, Prima Diamond, Prima Art, Century Gold, esse, cai, H. Gringoire, Merii in the potential markets such as China, India and Vietnam while maintaining existing customer bases in the United States and Europe, while cautiously pursuing operational and financial policy either for marketing, production, financial management and investment.

Last but not least, on behalf of the Company's Board of Directors, we would like to thank all shareholders, employees at all levels and related parties in the Company who have placed thorough trust and support both directly and indirectly to the Company. The Company's Board of Directors promises to run business on the principles of Sustainable growth and responsible investment as well as the principles of the Good Corporate Governance based on transparency, ethics and added-value creation to all related parties. Above all, we greatly hope to see continued and untiring supports from all of you.



(Mr. Prida Tiasuwan)

Board Chairman



The Board of Director

and Management



1. Mr. Prida Tiasuwan

The Board Chairman

2. Mrs. Prapee Sorakraikitikul

Director / Chairman of Executive
Director / Acting President / Finance
Director / Nomination and
Remuneration Director

3. Mrs. Sunanta Tiasuwan

Director / Corporate Finance
Chairman / Chairman of Finance
Committee / Nomination and
Remuneration Director

4. Mr. Pramote Tiasuwan

Director / Senior Vice President /
Finance Director / Nomination and
Remuneration Director

5. Mrs. Prane Khunprasert

Director / Senior Vice President /
Finance Director / Nomination and
Remuneration

6. Mr. Panidda Tiasuwan

Director / Nomination and
Remuneration Director / Chairman
of Corporate Value Committee

**7. Lt.Jg. Anan Panananda
R.T.N.**

Independent Director / Chairman of
the Audit Committee / Chairman of
the Nomination and Remuneration
Committee



8. Mr. Verachai Tantikul

Independent Director / Audit Committee

9. Mrs. Sarita Bunnag

Independent Director / Audit Committee

10. Ms. Pittaya Tiasuwan

Vice President of Stones Management / Finance Director

11. Mr. Decha Nuntanajaroenkul

Vice President of Marketing and Sales / Finance Director

12. Mr. Chainarong Jitmetta

Assistant President

13. Mr. Thanes Panjakrid

Finance and Accounting Manager

14. Mr. Dusit Chongsutthanamanee

Corporate Secretary / Finance Director

The Board of Directors and Management

1. Mr. Prida Tiasuwan

The Board Chairman

Education

- Higher National Diploma in Business Studies - Thames Valley University, England
- Distinguished Senior Executive Program in Government and Business, Harvard University, U.S.A.

Training on director's role and skills

- Director Accreditation Program (DAP) Class 37/2005

Experience

- Vice President of Thai Gem and Jewelry Traders Association for two times
- Director of The Thai Chamber of Commerce for two times
- Director of Thailand-US Business Council
- Director of Listed Companies Association
- Board Chairman of Social Venture Network Asia (Thailand) or SVN Asia (Thailand)
- Vice Chairperson of FBX Foundation (Thailand)
- Director and Treasurer of Foundation for Peoples' Righteousness

Present Position

- Other listed companies
 - None -
- Non-listed businesses
 - Chairman of Board of Pranda Group, 5 companies
 - Director of Pranda Group, 7 companies
 - Advisor of the Thai Gem and Jewelry Traders Association
 - Advisor of Social Venture Network Asia (Thailand) or SVN Asia (Thailand)
 - Vice President of International Coloured Gemstone Association (ICA)
 - Director of Duang Prateep Foundation
 - Commissioner of Legal Reform Commission
 - Chairman of Sub Committee of Law Reform on Fair Trade and Consumer Protection
 - Advisor of Bangkok Diamonds and Precious Exchange-EDPE
 - Director of The Thai Gems and Jewelry business Development Committee
 - Chairman of Sub Committee of Color Stone Jewelry under Thai Gems and Jewelry business Development Committee
 - Advisor to the Commission for Study and Monitoring on Impacts of International Trade Negotiation assisting Health and Health Policy

2. Mrs. Prapree Sorakraikitikul

Director / Chairman of Executive Director / Acting President / Finance Director / Nomination and Remuneration Director

Education

- B.S.C Accounting Woodberry University Major Accounting, Los Angeles, California U.S.A.

Training on director's role and skills

- Director Certificate Program (DCP), Class 17/2002

Experience

- Director of the Thai Gold Card Importer & Exporter Association

Present Position

- Other listed companies
 - None -
- Non-listed businesses
 - Chairman of Board of Pranda Group, 3 companies
 - Director of Pranda Group in 5 companies
 - Vice president of the Thai Gem and Jewelry Business Traders Association
 - Vice president of the Thai Gem and Jewelry Business Committee of the Thai Chamber of Commerce
 - Director of Businesswoman Committee of the Thai Chamber of Commerce

3. Mrs. Sunanta Tiasuwan

Director / Corporate Finance Chairman / Chairman of Finance Committee / Nomination and Remuneration Director

Education

- Ordinary National Diploma in Business Studies from Westminster University, England

Training on director's role and skills

- Director Certificate Program (DCP), Class 22/2002

Experience

- Vice president of the Listed Companies Association

Present Position

- Other listed companies
 - Audit Committee of Eastern Star Real Estate Public Company Limited
- Non-listed businesses
 - Chairman of Board of Pranda Group, 1 company
 - Director of Pranda Group, 9 companies
 - Director of Bridge View Co., Ltd.

4. Mr. Pramote Tiasuwan

Director / Senior Vice President / Finance Director / Nomination and Remuneration Director

Education

- Ordinary National Diploma in Technology. (Mechanical Engineers) From Willesden College of Technology, London England

Training on director's role and skills

- Director Certificate Program (DCP), Class 46/2004
- Director Accreditation Program (DAP), Class 16/2004
- Finance for Non-Finance Program (FN), Class 12/2004

Experience

- Director of the Gem and Jewelry Industry Club of the Federation of Thai Industries

Present Position

- Other listed companies
 - None -
- Non-listed businesses
 - Director of Pranda Group, 4 companies

5. Mrs. Pranee Khunprasert

Director / Senior Vice President / Finance Director / Nomination and Remuneration Director

Education

- Business Studies Course from Ealing Technical College, London, England

Training on director's role and skills

- Director Accreditation Program (DAP), Class 26/2004

Present Position

- Other listed companies
 - None -
- Non-listed businesses
 - Chairman of Board of Pranda Group, 1 company
 - Director of Pranda Group, 2 companies

6. Mr. Panidda Tiasuwan

Director / Nomination and Remuneration Director / Chairman of Corporate Value Committee

Education

- Amatayanukul school and language study in England

Training on director's role and skills

- Director Accreditation Program (DAP), Class 25/2004

Present Position

- Other listed companies
 - None -
- Non-listed businesses
 - Chairman and Director of Pranda Group, 1 company

7. Lt.Jg. Anan Panananda R.T.N.

Independent Director / Chairman of the Audit Committee / Chairman of the Nomination and Remuneration Committee

Education

- BS. In Civil Engineering, W.P.I., Mass., U.S.A.
- Certificate in Special Course in project Analysis, U.N. Asian Institute for Economic Development and Planning
- Director Management Course, Organized by the Office of the Civil Commission
- Senior Executive Development Program (Norboror1) Class 6, the Office of the Civil Commission
- Certificate, the National Defense College. Class 34

Training on director's role and skills

- Director Accreditation Program (DAP), Class 23/2004

Experience

- Deputy Director-General of Customs Department
- Director of the Sports Authority of Thailand
- Director of the Rubber Replanting Aid Fund
- Director of Mutual Fund Securities Public Company Limited
- Director of ACL Bank Public Company Limited
- Advisor to Deputy Finance Minister
- Advisor to Finance Minister
- Advisor to Deputy Prime Minister
- Director of the Thai-German Ceramic Industry Public Company Limited
- Advisor of A.J. Plus Public Company Limited.

Present Position

- Other listed companies
 - None -
- Non-listed businesses
 - None -

8. Mr. Verachai Tantikul

Independent Director / Audit Committee

Education

- LL.M., the University of California, at Berkely, U.S.A.
- Barrister-at-law, Thai Bar Association
- LL.B (Honors), Thammasat University
- Certificate, National Defense College of Thailand. Class 37
- Senior Executive Development Program of the Office of the Civil Service Commission (OCSC), Course 1, Class 13

Training on director's role and skills

- Director Certificate Program (DCP), Class 37/2003

Experience

- The National Legislative Assembly, Thailand.
- Director General, the Treasury Department, Ministry of Finance
- Director General, the Excise Department, Ministry of Finance
- Deputy Permanent Secretary, Ministry of Finance
- Inspectors - General, Ministry of Finance
- Deputy Director - General, the Revenue Department

Present Position

- Other listed companies
 - Tax Advisor of the Siam Commercial Bank Public Company Limited
 - Director and Audit Committee of Oishi Group Public Company Limited
- Non-listed businesses
 - Advisor, the Law of SCG Company Limited
 - Member of the Board of Taxation under the Revenue Code
 - Director of the Audit Committee of the Finance Ministry
 - Member of the Petroleum Committee under the Petroleum Law

9. Mrs. Sarita Bunnag

Independent Director / Audit Committee

Education

- B.A. (Accounting), Chulalongkorn University
- M.A. (Finance), Western New Mexico University, U.S.A.

Training on director's role and skills

- Director Certificate Program (DCP), Class 22/2002
- Audit Committee Program (ACP), Class 1/2004
- DCP Refresher Course , Class 1/2005
- Monitoring the Quality of Financial Report (MFR), Class 5/2007
- Monitoring the Internal Audit Function (MIA), Class 2/2008

Experience

- Associate Professor (Level 9), Department of Banking and Finance, Faculty of Commerce & Accountancy Chulalongkorn University
- Audit Committee ITV Public Company Limited

Present Position

- Other listed companies
 - Director of Asian Seafoods Cold Storage Public Company Limited
- Non-listed businesses
 - Advisor to Board of Directors of Islamic Bank of Thailand

10. Ms. Pittaya Tiasuwan

Vice President of Stones Management /

Finance Director

Education

- Kilburn-Polytechnic- London, England City and Guilds of London Institute
- Training Course about Gemological Sciences at the Asian Institute of Gemological Sciences (AIGS)

Training on director's role and skills

- Director Accreditation Program (DAP), Class 26/2004

Present Position

- Other listed companies
 - None -
- Non-listed businesses
 - Director of Pranda Group, 1 company

11. Mr. Decha Nuntanajaroenkul

Vice President of Marketing and Sales /

Finance Director

Education

- MBA in Marketing Memphis State University Memphis U.S.A.

Experience

- Visiting lecturer at Srinakharinwirot University, Sukhumvit, General Science Department, Materials Science (Gems and Jewelry) during 1996-1997

Present Position

- Other listed companies
 - None -
- Non-listed businesses
 - None -

12. Mr. Chainarong Jitmetta

Assistant President

Education

- Bachelor of Public Administration

Experience

- System Analyst of Pranda Jewelry Public Company Limited
- Computer Department Manager of Pranda Jewelry Public Company Limited
- Production Planning Department Manager of Pranda Jewelry Public Company Limited

Present Position

- Other listed companies
 - None -
- Non-listed businesses
 - None -

13. Mr. Thanes Panjakrid

Finance and Accounting Manager

Education

- Bachelor degree in accounting, faculty of Commerce and Accountancy, Chulalongkorn University
- Master of Public Administration, The National Institute of Development Administration (NIDA)

Experience

- Worked experience in financial and accounting field more than 23 years

Present Position

- Other listed companies
 - None -
- Non-listed businesses
 - None -

14. Mr. Dusit Chongsutthanamee

Corporate Secretary / Finance Director

Education

- B.Eng. (Second Class Honor) ,Mahanakorn University of Technology
- MBA in Finance, Kasetsart University

Experience

- Chairman of Siri Assets Company Limited
- Managing Director of Kin Author Company Limited
- Financial Advisor of FPM Consultant Company Limited
- Lecturer of "Certificate of Business Advisor" of Kasetsart University

Present Position

- Other listed companies
 - None -
- Non - listed companies
 - Executive Director of Siri Assets Company Limited
 - Director of Kin Author Company Limited

Details of Directors and Executives

| Name | PRANDA | SUBSIDIARY COMPANIES | | | | | | | | | | | | ASSOCIATED COMPANY | |
|------------------|------------------|----------------------|--------|--------|------------|--------|--------|----------|--------|-------------|---------|----------------|---------|--------------------|-------|
| | | Country | | | Foreign | | | | | | | | Country | Foreign | |
| | | *PMG | CTL | PLG | *PNA | HGG | P.UK | P.VN | P.SING | P.GUANGZHOU | P.INDIA | Pranda & KROLL | | | |
| 1. Mr. Prida | Tiasuwan | X + / | / | X | / + // | X + // | / + // | X +/+ // | / + // | X + // | / | | | KZ-PRANDA | P.SCL |
| 2. Mrs. Prapee | Sorakraikitikul | ● + ○ + // | | / + // | X + // | | X + // | / + // | | / + // | | | | X + / + // | |
| 3. Mrs. Sunanta | Tiasuwan | / + // | / + // | / + // | / + // | | / + // | / + // | X + // | / + // | / | / | | / + // | |
| 4. Mr. Pramote | Tiasuwan | / + // | | / + // | | | | / + // | | / + // | | | | | |
| 5. Mrs. Pranee | Khunprasert | / + // | X | / + // | | | | // | / + // | | | | | | |
| 6. Mrs. Panidda | Tiasuwan | / | | | X + / + // | | | | | | | | | | |
| 7. Lt.Jg. Anan | Panananda R.T.N. | / | | | | | | | | | | | | | |
| 8. Mr. Verachai | Tantikul | / | | | | | | | | | | | | | |
| 9. Mrs. Sarita | Bunnag | / | | | | | | | | | | | | | |
| 10. Ms. Rungnapa | Ngowngamratana | ◆ + / | | | | | | | | | | | | | |
| 11. Mr. Sutha | Sutatarvong | / + // | | | | | | | | | | | | | |
| 12. Ms. Lamiad | Pancharoen | // | | | | | | | | | | | | | |

Note : X = Chairman

● = Chairman of Executive Committee

○ = Acting President

◆ = Managing director

/ = Director

// = Executive Chairman

Report only of directors of subsidiaries which contribute over 10% of total revenues including * PNA , PMG

PRANDA = Pranda Jewelry Plc.

PMG = Primagold International Co., Ltd.

CTL = Crystaline Co., Ltd.

PLG = Pranda Lodging Co., Ltd.

KZ - PRANDA = KZ - Pranda Co. Ltd.

PNA = Pranda North America, Inc.

PNA = Pranda North America, Inc.

HGG = H.Gringoire s.a.r.l.

P.UK = Pranda UK Ltd.

P.Sing = Pranda Singapore Pte Ltd.

P.VN = Pranda Vietnam Co.,Ltd.

P.India = Pranda Jewelry Pvt. Ltd.

P.Guangzhou = Guangzhou Pandgda Zhubao Shoushi Youxian Gongsi

Pranda & Kroll = Pranda & Kroll GmbH Co. KG

Nature of Business

Pranda Jewelry Public Company Limited (PRANDA) was founded in 1973 initially as Pranda Design Company Limited which was later officially renamed to Pranda Jewelry Limited on April 27, 1984. It listed its ordinary shares on the Stock Exchange of Thailand on July 6, 1990 and converted into a Public Company Limited on June 3, 1994. Currently, Pranda Jewelry Public Company Limited has registered capital of 410 million baht with 398.16 million baht paid up. Pranda Jewelry Public Company Limited headquarters are located at No. 28 Soi Bangna - Trad 28, Bangna District, Bangkok 10260.

The Company's main activity is in manufacturing and distribution of genuine jewelry products and has become one of Thailand's leading jewelry exporters with a customer base spanning key regions of the world from North America, to Europe and Asia.

Pranda Jewelry Public Company Limited has set a vision to become the **"World Class Jewelry Brand Company."** The Company has established solid foundations to achieve such vision as is evident by the Company's balanced management structure as follows:

1) Production With focus on quality and affordable jewelry products, the company can achieve economies of scale that generate the best value appropriate to the production cost and product quality. The Company has also diversified production risks to cover almost wide range of product prices, with strategic production base that includes eight manufacturing facilities in five countries as follows:

| | |
|-------------|--|
| • Thailand | Pranda Jewelry Plc. (Bangkok and Nakhon Ratchasima) Crystalline Co., Ltd. (Bangkok and Nakhon Ratchasima) |
| • Indonesia | P.T. Pranda SCL Indonesia |
| • Vietnam | Pranda Vietnam Co., Ltd. |
| • China | Guangzhou Pangda Zhubao Shoushi Youxian Gongsi |
| • Germany | Pranda & Kroll GmbH Co. KG |

With this number and wide spread of production facilities, the Company has currently production capacity of over eight million pieces of jewelry products a year.

2) Distribution As part of marketing risk diversification and market expansion, the Company currently operates its own distribution subsidiaries and sales representatives both in Thailand and overseas. These distribution bases are strategically located in the key regions of the world including the United States, England,

Germany, France, Italy, Spain, Indonesia, Japan, China, Vietnam, India and Thailand. The Company's distribution channels mainly focus is in wholesaling to major trade customers. To date, the Company has six subsidiaries which function as the Company's main distribution bases, :-

| | |
|---------------------|----------------------------|
| • The United States | Pranda North America, Inc. |
| • France | H. Gringoire s.a.r.l. |
| • England | Pranda UK Ltd. |
| • Germany | Pranda & Kroll GmbH Co. KG |
| • India | Pranda Jewelry Pvt. Ltd. |
| • Indonesia | P. T. Pranda SCL Indonesia |

3) Retail The Company has subsidiaries which are versatile in retail management both for own retail outlets and franchise enabling the Company to gain direct access to consumers. Currently, the Company operates its retail business mainly through four subsidiaries as follows:

| | |
|-------------|--|
| • Thailand | Primagold International Co., Ltd. |
| • China | Guangzhou Pangda Zhubao Shoushi Youxian Gongsi |
| • Vietnam | Pranda Vietnam Co., Ltd. |
| • Indonesia | P.T. Pranda SCL Indonesia |

4) Brand management The Company has currently managed not only its own brands and those of its subsidiaries but also a number of International Licensed brands which the Company and subsidiaries have obtained the distribution rights in a bid to develop and create value to the brand portfolio of the Group.

The brand management has been currently administered largely by Pranda Jewelry Plc. Thailand & Pranda & Kroll GmbH Co. KG in Germany.

Remarks :

one company may have more than one types of core business, i.e.

- Pranda Jewelry PCL.: production and brand management
- Pranda Vietnam Co., Ltd.: production and retail
- Guangzhou Pangda Zhubao Shoushi Youxian Gongsi: production and retail
- Pranda & Kroll GmbH Co.KG: production, distribution, and brand management
- P.T. Pranda SCL Indonesia: production and retail

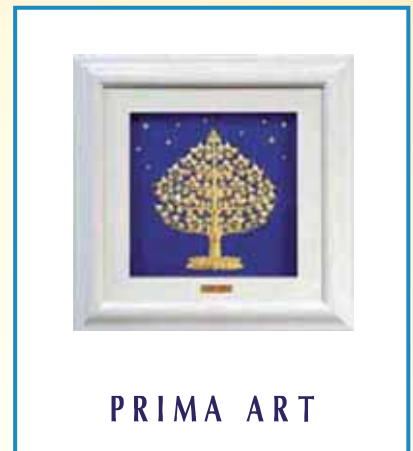
Trademarks of Pranda Group of Companies



Prestigious 24K gold jewelry of 99.9% purity in unique designs



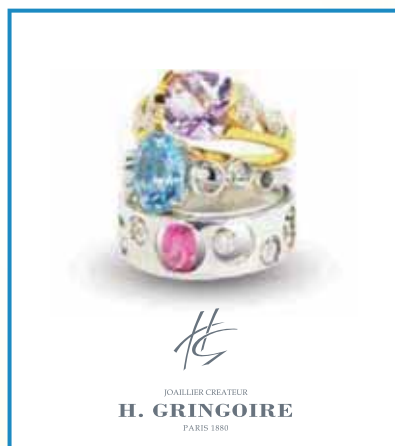
Superior diamond jewelry for modern working women



Art of gold handcrafted from 99.9% pure gold



Creative designed 96.5% gold jewelry for modern lifestyle



Designer collections of 18K gold jewelry, established in Paris since 1880



Wedding bands in gold and platinum with custom-made service—made in Germany



Marcasite jewelry for elegant women



Distinctive western sterling silver jewelry inspired by traditional Batik motif



Unique sterling silver jewelry with a distinctive character and uncommon approach to design

Trademarks of Pranda Group of Companies



Sterling silver range of jewelry for men of distinguished character and originality



Trendy sterling silver jewelry collection fittingly designed for modern day women



Costume jewelry for today's fashion



Modern, innovative, and sensible 18K gold jewelry with diamond



Indonesian trusted name for gold jewelry

Map of Pranda Group's Core Business



Production

1. Pranda Jewelry Plc.
2. Crystalline Co., Ltd.
3. Pranda Vietnam Co., Ltd.
4. Guangzhou Pangda Zhubao
Shoushi Youxian Gongsi
5. Pranda & Kroll GmbH Co. KG
6. P.T. Pranda SCL Indonesia

Retail

1. Primagold International Co., Ltd.
2. Guangzhou Pangda Zhubao
Shoushi Youxian Gongsi
3. Pranda Vietnam Co., Ltd.
4. P.T. Pranda SCL Indonesia

Distribution

1. Pranda North America, Inc.
2. H. Gringoire s.a.r.l.
3. Pranda UK Ltd.
4. Pranda & Kroll GmbH Co. KG
5. Pranda Jewelry Pvt. Ltd.
6. P.T. Pranda SCL Indonesia

Brand Management

1. Pranda Jewelry Plc.
2. Pranda & Kroll GmbH Co., KG

Revenue Structure of Pranda Jewelry Public Company Limited and Subsidiaries

The revenue structure of Pranda Jewelry Public Company Limited and its subsidiaries broken down to domestic sales and exports. (after deduction of inter-related Company transaction items).

| | 2009 | | 2008 | | 2007 | | 2006 | |
|-----------------------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|
| | Million baht | % | Million baht | % | Million baht | % | Million baht | % |
| Revenue from exports | 3,018 | 82.37 | 3,449 | 85.58 | 3,675 | 84.31 | 3,523 | 86.43 |
| Revenue from domestic sales | 646 | 17.63 | 581 | 14.42 | 684 | 15.69 | 553 | 13.57 |
| Total | 3,664 | 100 | 4,030 | 100 | 4,359 | 100 | 4,076 | 100 |

Revenue structure of Pranda Jewelry Public Company Limited and its subsidiaries according to consolidated financial statement.

| Company | % holding | Type of Revenue | 2009 | | 2008 | | 2007 | | 2006 | |
|--|-----------|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | Million baht | % | Million baht | % | Million baht | % | Million baht | % |
| Pranda Jewelry Plc. | | Jewelry production and export | 1,319 | 35.63 | 1,487 | 36.62 | 1,589 | 35.75 | 1,199 | 28.57 |
| Subsidiaries – Domestic | | | | | | | | | | |
| Primagold International Co., Ltd. | 100 | Distribution of genuine gold jewelry, and diamond in Thailand | 518 | 13.99 | 506 | 12.46 | 382 | 8.59 | 413 | 9.84 |
| Crystalline Co., Ltd. | 96 | Production and distribution of costume jewelry | 141 | 3.81 | 160 | 3.94 | 200 | 4.50 | 220 | 5.24 |
| Subsidiaries–Overseas | | | | | | | | | | |
| Pranda North America, Inc. | 100 | Distribution of genuine gold jewelry and costume jewelry in the USA and Canada | 1,014 | 27.39 | 1,079 | 26.57 | 1,380 | 31.05 | 1,501 | 35.76 |
| H.Gringoire s.a.r.l. | 100 | Distribution of jewelry in France and Europe | 129 | 3.48 | 170 | 4.19 | 168 | 3.78 | 136 | 3.24 |
| Pranda U.K. Limited | 100 | Distribution of genuine gold jewelry and costume jewelry in England and Europe | 204 | 5.51 | 301 | 7.41 | 322 | 7.25 | 352 | 8.39 |
| Pranda Vietnam Co., Ltd. | 100 | Production and distribution of genuine jewelry | 23 | 0.62 | 14 | 0.34 | 11 | 0.25 | 7 | 0.17 |
| Guangzhou Pangda Zhubao Shoushi Youxian Gongsi | 100 | Production and distribution of genuine jewelry | 24 | 0.65 | 44 | 1.08 | 49 | 1.10 | 30 | 0.71 |
| Pranda & Kroll GmbH & Co. KG | 51 | Production and distribution of genuine jewelry | 222 | 6.00 | 235 | 5.79 | 245 | 5.51 | 218 | 5.19 |
| Pranda Jewelry Private Ltd. | 51 | Production and distribution of genuine jewelry in India | 70 | 1.89 | 34 | 0.84 | 13 | 0.29 | - | - |
| Sales revenue | | | 3,664 | 98.97 | 4,030 | 99.24 | 4,359 | 98.07 | 4,076 | 97.12 |
| Pranda Lodging Co., Ltd. | 83 | Property rental / Properties | 14 | 0.38 | 14 | 0.34 | 14 | 0.31 | 12 | 0.29 |
| Other revenues | | | 24 | 0.65 | 17 | 0.42 | 69 | 1.55 | 106 | 2.53 |
| Total revenues | | | 3,702 | 100 | 4,061 | 100 | 4,442 | 100 | 4,194 | 100 |

Significant Changes and Developments of Pranda Group in 2009

• Distribution Base Expansion

Despite a severe drop in global gold consumption due to a runaway rise of the precious metal's prices in 2009, the Company has still successfully managed to retain existing key distribution bases in the United States and Europe primarily by increasing the proportion of income contribution from silver jewelry products and building up the products of the Group's own brands and licenses. In 2009, the Company obtained a distribution license for premium fashion jewelry and accessories for Baldessarini, a leading clothing brand widely recognized in Europe.

Market development and expansion in China and India, has still put focus on distributing the Group's own brands, while in India it plans to expand the points of sale for Prima Gold and Prima Art, the gold jewelry brands, into leading and recognized gems and jewelry outlets in each city. The Company has so far expanding sales outlets to cover key cities in western and northern India. In China, the Company now has its own retail outlets in place in leading department stores in Shenzhen in Guangdong province of China.

• Capital Structure

The Company has issued and paid-up capital of 3,98.16 million baht and retained earnings of 1,478 million baht, with shareholder's equity totaling 2,866 million baht. Current liabilities were worth 1,216 and non-current liabilities worth 186 baht. In total, the Company has liabilities worth 1,402 million baht. Based on total liabilities and shareholder's equity, the Company's debt-to-equity ratio was equivalent to 0.49 times. The above figures well represent the Company's established financial structure. In addition the Company has Times Interest Earned equivalent to as high as 7.53 times that reflects relatively low financial risk of the group's businesses.

Industry Outlook and Future Competition

The world's economy has been hard hit by the US's subprime credit crisis which erupted in 2008, sending the global financial institutions into trouble and triggering off a great recession in all sectors worldwide. Despite the fact that the world's economy started showing signs of recovery in the middle of 2009 mainly driven by massive economic stimulus measures implemented in several countries including Thailand, a myriad of challenges still exist to a significant degree.

A sharp price rise of gold and silver, which are the key raw materials in jewelry production, has also caught Thailand's jewelry industry off guard, while a drastic swing of the silver prices emerges as new key risk factor which adversely affect the performance of the industry. As well, the ongoing appreciation of the Thai Baht also becomes another key challenge that plays a vital part for the industry, that is reliant mainly on exports and raw material imports.

Against all odds, Thailand's gems and jewelry industry has still maintained growth, reflecting the industry's competitiveness. In 2009, the gem and jewelry industry accounted for US\$9,762 million baht in export values, a significant rise of 18.04% from \$8,270 million in a previous year. The Gems & Jewelry industry also retains a position in the top three titles among total Thailand's export shipments following computers and parts and automobiles and parts. The shipments of gem and jewelry in 2009 accounted for about 6.40% of Thailand's total exports. Steady healthy growth is partially thanks to the government's continuous support particularly for the value-added tax waivers for imported colored stones as part of the collective attempt to develop Thailand as a center for International Gem Trading. The government has also fully supported jewelry exports through offering special credit lines to the private sector to expand into new markets. With continued support of authorities and competitiveness and versatility of the private sector, the industry is thus believed to retain its sustainable growth even in the long run.

Given an average 10% growth of the industry over the past five years, the growth record indicates that Thailand's gem and jewelry industry has well retained its competitive edge over its competitors.

Today, as threats from strong competitors like China and India who are also capable of making jewelry products based on skilled artisans on par with Thailand are mounting, it is a must therefore for the Thai industry to shift its focus on developing more high-quality products, applying more sophisticated and state-of-the production techniques and developing their own brands in order to secure the industry's long-term competitiveness.

Pranda Jewelry Plc has fully realized the competitive environment and It has set a business goal to become the World Class Jewelry Brand Company. To achieve this target, the Company has visions built on well prepared solid foundations to accommodate as evident by the Company's balanced management structure which covers production, retail and brand management. Details of the Company's nature of business have already mentioned above.

Brief History and Honorary Rewards of Pranda Group

2009

- Pranda Jewelry Plc., received a shield of honor at International Day of Persons with Disabilities for the private ventures which support occupational opportunities for the disabled from Prime Minister Abhisit Vejjajiva who has also presided over the event.
- Scoring “Excellent” (four stars) rating for Annual General Shareholders Meeting (AGM) Assessment Program for two years in a row in 2008 and 2009. The assessment program has been held by the Office of Securities and Exchange Commission (SEC), Thai Investors Association, and Thai Listed Companies Association. The AGM is one of many components reflecting listed companies’ awareness of good corporate governance implementation.
- Scoring “Very Good” (four stars) rating in the Corporate Governance Report of Thai Listed Companies 2009 prepared by the Thai Institute of Directors Association (IOD), which evaluates the good corporate governance practices of the listed companies.
- Having been nominated among one of the four listed companies in the Stock Exchange of Thailand with market capitalization of not over 10,000 million baht (Group 2) in contest for Corporate Social Responsibility Awards 2009.
- Pranda & Kroll GmbH & Co., the Company’s subsidiary has entered into a license agreement with Baldessarini GmbH, the leader in men’s jewelry and accessories from Germany under Baldessarini brand.

2008

- Received a trophy from Deputy Prime Minister Sanan Kachornprasart on occasion that the Company has been acclaimed by the Department of Labor Protection and Welfare as the establishment which complies with the government’s policy in promoting labor welfare by establishing standardized child care centre at the enterprise on continuous basis. The trophy given aims to set a good example to other corporations.
- Received certificates and a shield of honor at “68 years of Thai vocational education going forward to the future” event from Deputy Education Minister Narisara Chawaltanpipat on occasion that the Company has been chosen as the establishment which offers good cooperation with authorities from the Office of Vocational Education Commission in preparing educational and occupational training.
- The annual general meeting of shareholders had approved the issuance of Employee Stock Option Plan (ESOP) in amount of

14,251,410 units which would be contributed for free to Directors and employees of the Company and/or subsidiaries. The warrants carry five year terms from the issue date with the exercise ratio equivalent to 1 warrant to 1 common share. The exercise price is three baht per share.

- The company has set up the savings co-operatives for employees in Pranda group as a way to provide various financial services and promote savings among employees.
- Crystalline Co., Ltd. has obtained the copyright of V&A jewelry brand from England-based Victoria & Albert Museum (V&A), the world’s largest museum of decorative arts, design and jewelry products.
- The company has raised investment in Guangzhou Pangda Zhubao Shoushi Yixuan Gongsu for US\$1.5 million, increasing China’s subsidiaries registered capital to US\$2.35 million, representing 100% ownership.

2007

- The Company was awarded the first runner-up award from participating in the work performance competition under the Philosophy of Sufficiency Economy for large-scale enterprises which run their business according to the Sufficiency Economy Philosophy which has been organized by the Office of the Royal Development Projects Board under the Prime Minister’s Office.
- Pranda Jewelry Public Company Limited won Thai Labor Standard award (TLS 8001-2003), Completion Level from the Department of Labor Protection and Welfare, the Ministry of Labor.
- The Company increased its investment in Primagold International Company Limited by 100 million baht, raising Primagold International registered and paid-up capital to 200 million baht. Pranda Jewelry Public Company Limited controls 100% in Primagold International.
- The Company raised the investment in Pranda & Kroll GmbH & Co. KG Limited by 2.4 million euros or about 116 million baht, raising Pranda & Kroll GmbH & Co. KG’s registered and paid-up capital to 5.34 million euros. Pranda Jewelry Public Company Limited holds 51% in the venture.
- Pranda & Kroll GmbH & Co. KG has taken over KSV Brand GmbH, which operates the distribution of jewelry products under Christ, Cai, Merri, and Michael Schumacher brands.



- Pranda Jewelry Public Company Limited has formed a joint venture with Gunjan Jewels Pvt. Ltd., to set up Pranda Jewelry Pvt. Ltd. in India to distribute the gold and silver jewelry under its own brand in India. Pranda Jewelry Public Company Ltd. holds 51% of the shares.
- Primagold International Company Limited, the distributor of pure gold jewelry products under PRIMA GOLD brand won the Hot 2007 Award at the 38th Bangkok Gems & Jewelry Fair.

2006

- The Company has been acclaimed by the Stock Exchange of Thailand as the company with the best operating results in 2005 under the title “Congratulate PRANDA as a Nominee for Best Performance-Consumer Products”.
- Primagold International launched Siam Pannarai designer Collections and received The Hot Design Award at the 37th Bangkok Gems & Jewelry Fair.
- Pranda & Kroll (Germany) launched a new brand “Cai”, at the Inhorgenta Fair, Munich, Germany.
- Pranda Jewelry Plc. has been selected as one of the four Thai Companies meeting the Sufficiency Economy standards in running business in compliance with the Sufficiency Economy Philosophy of His Majesty the King held by the Office of the National Economic and Social Development Board.
- PRANDA SCL (Indonesia) expanded capacity in response to increased overseas demand from 450 workers to 700 workers.

2005

- Received a shield of honor as outstanding establishment on labor welfare from the Department of Labor Protection and Welfare, the Ministry of Labor.
- Raised its investment in Crystalline Co., Ltd. Bangkok by 50 million baht to 100 million baht. The company holds 96% stake in Crystalline.
- Primagold International Co., Ltd. signed a joint venture deal with Tomei Gold & Jewelry Holding to distribute PRIMA GOLD products in Malaysia.
- Primagold International Co., Ltd. operates 48 retail outlets in Thailand and 35 outlets in international markets. In total the company operates 83 distribution outlets.
- Pranda Jewelry Public Company Limited signed a joint venture agreement with Gregor Kroll of Kroll GmbH in a ratio of 51:49 to set up Pranda & Kroll GmbH & Co. KG in Germany to distribute gold and silver jewelry products in Germany and Europe.

2004

- Received special Export Honorary Recognition award from the Department of Export Promotion, Commerce Ministry as the Thai exporter with the most robust growth for 10 consecutive years and as the Thai company which was used to win Best Exporter award before.
- Received standard certificate for 96.5% gold jewelry under “Century Gold” brand from the Office of the Customer Protection Board.
- Primagold International Co., Ltd. launched gold jewelry with 96.5% purity under “Century Gold” brand with the first retail outlet opened at the Mall Department Store, Bangkhuae and expanded to seven branches within the same year.

2003

- Received a shield of honor from the Department of Labor Protection and Welfare, the Ministry of Labor as the private establishment which implements activities which support and benefit female workers.
- Established a new production base in China under Pranda Guangzhou.
- Increased investment in Primagold International Company Limited by 50 million baht raising the registered capital to 100 million baht in which the company holds 100% stake.

2002

- Received a certificate of approval and emblem from the Office of Consumer Protection Board as the establishment which “protects the consumers’ rights on labels, advertisements, and contracts.”
- Chosen as the workplace which is “clean, safe, pollution-free and dynamic” and received testimonial from the Health Department of Bangkok Metropolitan Administration.
- Selected to become a member of Bangna canalside community under “We love canal” project from Bangna district office. The Company also received certificate for attending the training program on food sanitation for restaurant operators after the Bangkok Metropolitan Administration has issued regulations on “place where meals are sole and place where foodstuff is stored 2007”.
- The company offered 200,000,000 units of the five-year warrants (2 May, 2002 to 2007) to existing shareholders.

2001

- The Company’s employees received bronze medal on jewelry designer from 36th World Skills Completion held at Seoul, South Korea.
- Pranda Jewelry Plc received “white factory” (anti-drug entrepreneur project) certificate from Department of Labor Protection and Welfare, the Ministry of Labor.

- The Company's showroom received ISO 9001:2000 quality management standard certification for jewelry distribution and services from BM TRADA Certification, a leading multi-sector certification body accredited by UKAS (United Kingdom Accreditation Service). The Company's Nakhon Ratchasima branch also received ISO 9001:2000 quality management standard certification for jewelry production in part of factory from an independent certification body BVQI.

2000

- The Company received the Gold Card exporter award from the Customs Department, Finance Ministry which offers fast track benefits on imported raw materials. The award represents the company's creditability and financial stability.
- The Company's employees won the gold and silver medal on jewelry designer from the 18th national skills competition held by Department Of Skill Development under Ministry of Labour and Social Welfare.
- Crystalline Co., Ltd., received Prime Minister's Export Award for the Best Own Design Exporter held by the Export Promotion Department.
- The Company was awarded "clean place to dine" as the establishment which meets sanitary standards for food outlets (physical facet) held by food sanitation division, environmental sanitation division under Bangkok Metropolitan Administration.
- The Company was awarded the Gold Card exporter from the Customs Department, Finance Ministry with "track" benefits on imported raw materials.

1999

- The Company and two subsidiaries Prima Gold and Crystalline Co., Ltd., have been endorsed by the Export Promotion Department, Commerce Ministry, to use Thailand's Brand, as standard product manufacturer and exporter.
- Received certificate from the Ministry of Labour and Social Welfare as the export establishment which complies with female and child labor protection standards using proactive approach.
- The Company's employees won bronze medal from 35th World Skills Competition held at Montreal in Canada on jewelry designer.

1998

- Received the Best Marketing of New Gold Product and Best Gold Visual Merchandising awards from World Gold Council.

1996

- Primagold Co., Ltd., the Company's subsidiary, received Prime Minister's Export Award for the Best Own Design Exporter from the Thai government and won the contest for "Golden Design Award" at Vicenza Oro Fair held by World Gold Council, while "Prima Gold"

designs from Indonesia won two awards the Best International Award of Indonesia and "The Best Outstanding International Award" from five countries in the Far East Asia.

- Expanded the foreign market for Prima Gold International and co-invested in LG Pranda (now operated under the name of KZ Pranda) to import and distribute silver and gold products.

1995

- Received Prime Minister's Export Award or P.M. Award which is presented every year by the Thai government to exporters who have outstanding performance as Best Exporter.
- Established foreign production bases through Pranda Vietnam and Pranda SCL (Indonesia).
- Set up Pranda Singapore Pte. Limited to invest in Malaysia and Indonesia.
- Invested in establishing Pranda Lodging Co., Ltd., to provide accommodation services to the company's employees.

1994

- Established a new production base in Nakhon Ratchasima (Korat) and established a new international distribution base in the United Kingdom under Pranda UK Ltd.

1993

- Established product and brand development center under PRIMA GOLD and launched domestic distribution.

1992

- Expanded business by establishing its own distribution bases in overseas markets under Pranda North America, Inc., Crystalline North America, Inc. and H. Gringoire s.a.r.l.

1990

- Pranda registered and traded on the Stock Exchange of Thailand (SET) under trading symbol Pranda.
- Invested in setting up production base under Crystalline Co., Ltd.

1984

- Expanded business by establishing production base and changed company name to "Pranda Jewelry".

1973

- Commenced export trading operations under Pranda Design.

Overall Jewelry Market and Company Direction

Impact of economic crisis which has swelled in the United States and several countries around the world over the past 2-3 years has hard hit purchasing power of the global populations particularly in the United States and Europe which are Thailand's major market destinations.

The country's overall genuine jewelry market has as a consequence unavoidably experienced an export hardship. The shipments of Thailand's genuine jewelry in 2009 fell 12.52% to US\$2,492 million from US\$2,849 million in 2008. Decline was attributed mainly to lower gold jewelry exports, with export values equivalent to \$1,389 million in 2009, a dramatic decline of 24.46% from 2008. However, silver jewelry shipments have managed to growth of 11.12% to \$956 million.

Against all odds, the gems and jewelry exports have played a vital part to Thai economy. The gems and jewelry are now the top three spots of Thailand's shipments, generating the kingdom US\$9,762 million in total export values, an increase of 18.04% from a previous year. More importantly, the government has put focus on the gems and jewelry industry as indicated by recent approval by the Thai government to waive value-added tax on colored stone imports in a bold move to promote Thailand as international gem trading center, support program for private sector to tap into new markets, special credits offered to the industry. With government's support and competitive edge of the Thai private sector, the industry is believed to retain its sustainable growth in the long run.

In 2009, the Company has achieved in managing to contraction much less than the performance of the country's overall genuine jewelry shipments. This is primarily because of the Company's structural adjustment to cope with changing market condition by choosing only quality and low-risk customers and focusing on new marketing expansion particularly for the Company's own brand products.

Pranda's Business Outlook

A key strategy of the Company is to maintain existing customer base from contracted manufacturing and design, new market and distribution channel expansion, marketing of its own brands or brands the Company obtains distribution licenses.

In a bid to maintain existing customer base, the Company in 2009 has fine-tuned business strategy by shifting focus to manufacturing more silver-based jewelry in keeping with changing environment in the market where demands for gold jewelry significantly lower because of a runaway surge of gold prices. The Company has hence altered a proportion of gold jewelry to silver jewelry to 20:80. With increased silver jewelry production, the Company is thus able to maintain existing customer base in the United States and raise sales in European market.

Pranda has also put focus on expanding market to China and India as a way to expand into the new markets or emerging distribution channels mainly through local subsidiaries, enabling as a result it to expand the point of sale in China. The Company's local subsidiary Pranda Guangzhou has also now aggressively accelerated expanding retail distribution outlets for Esse silver jewelry brand which is now made available in leading department stores in Shenzhen of China, while in India the Company's local subsidiary Pranda Jewelry Pvt Ltd has expanded a point of sale of Prima Gold and Prima Art gold jewelry brands through middle and high-end jewelry outlets to cover more Indian markets.

Moreover, in its best bid to market own brands, the Company in 2009 has concentrated on marketing its own brands and other licensed distribution brands. Market development and expansion of the Company is as follows:

Prima Gold

Prima Gold brand, a highclass 24 karat (99.9%) pure gold jewellery product line, currently covers the point of sales of more than 180 around the world, and is expanding the outlets to Oman and aggressively tapping into Indian market mainly via middle and high-end jewelry outlets.

Century Gold

Century Gold brand, the 96.5% pure gold jewelry, has now expanded its branches in Thailand to 23 branches from 15 branches in 2008.

Caï

Fashion silver jewelry under Caï brand is now available through over 200 distribution outlets in Germany and other countries in Europe and now expands product line to cover male jewelry under Caï MEN brand.

Merii

Merii brand, the fashion silvery jewelry, has now expanded its market from the Netherlands to Germany and adjacent countries. So far, the brand covers over 200 distribution outlets.

Esse

Esse brand, the Marcasite silver jewelry, focuses its marketing mainly on China through the point of sales in department stores and now expands to cover 10 branches in Shenzhen.

V&A

V&A, Victoria & Albert Museum, London is the brand obtained the rights of the Victoria & Albert Museum ("V&A") to manufacture and distribute jewelry products focusing mainly on England, Germany and the United States. Victoria and Albert Museum (often abbreviated as the V&A) in London is the world's largest museum of decorative arts and design, housing a permanent collection of over 4.5 million objects.

Baldessarini

Baldessarini brand, is the men's premium fashion jewelry and accessories, the Company's subsidiary Pranda & Kroll GmbH & Co. KG has entered into a licence agreement to manufacture and distribute jewelry products. The jewelry products made its debut by the middle of 2009 in Europe.

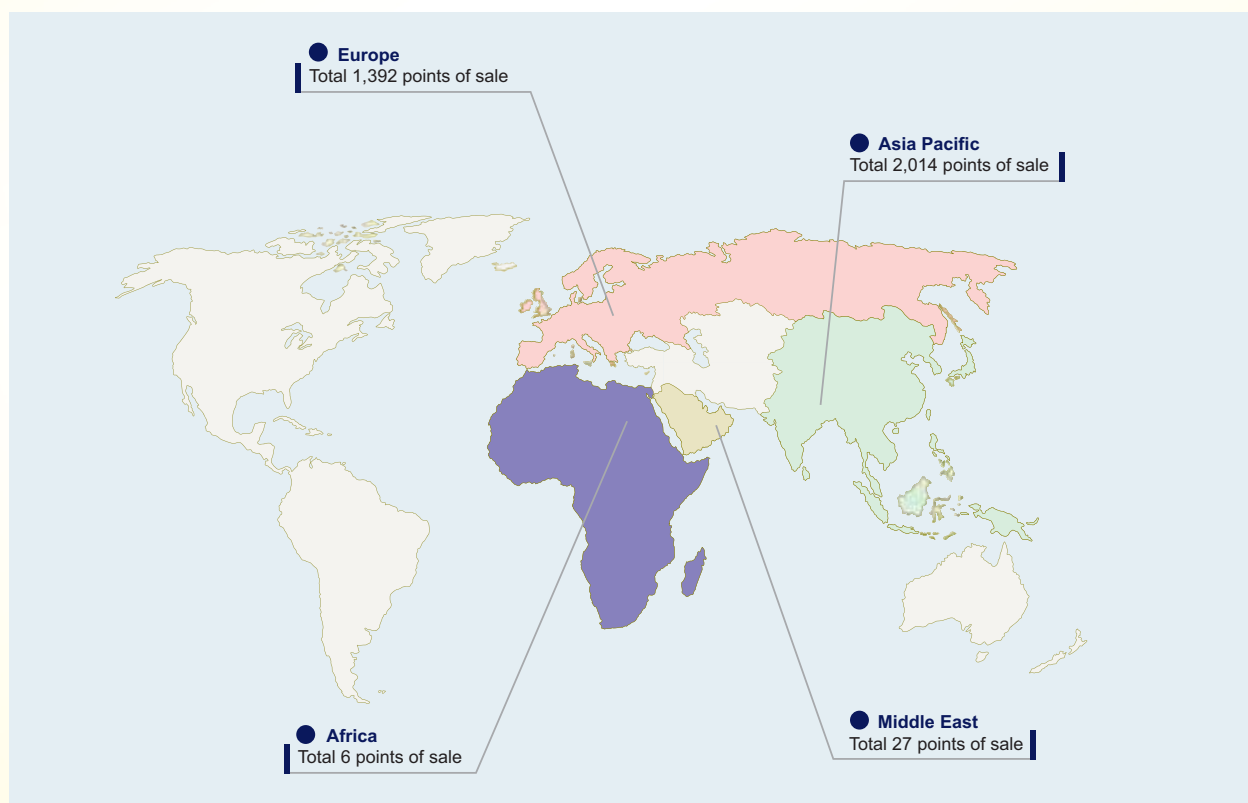
Prima Art

Prima Art brand, the premier 24 karat (99.9%) handcrafted gold sheet art, has opened specific point of sale for Prima Art brand in Thailand and expanded into distribution outlets to cover 1,700 outlets in India.

In summary, in 2009, the Company has operated of sale for its own brand products and licensed distribution brands covering 1,392 outlets in Europe, 2,014 in Asia Pacific, 27 in the Middle East, and 6 in Africa. In total, the Company has 3,439 point of sale worldwide.

In 2010, the Company is committed to expanding more aggressively into potential export destinations especially for China, India and Europe. The Company's Prima Gold brand is set to kick off full-scale marketing plan in India, while Esse brand aims to increase more branches in Shenzhen and key cities which have potential growth in China, and Baldessarini brand plans to tap more actively into Europe aiming to cater particularly to premium jewelry outlets. Moreover, the Company plans to further maintain existing customer base in the United States and Europe which are the major market for Pranda Group.

Distribution Coverage Map of Pranda Group's Own and licensed Brands



Remark : The number of points of sale is defined to include locations where Pranda Group's own and licensed brands are available in directly owned shops, department stores, authorized retailers and specialty jewelry retailers.

Social Responsibility

From the outset, Pranda Jewelry Plc is committed to operating the business on the principles of Good Corporate Governance and social responsibility by providing assistance and support to social activities in different forms; encouraging employees to participate in volunteer program in various activities, and contributing financial support to various organizations which run public service activities as appropriate. In previous years, the Company had pursued social activities in different fields as follows:

Educational support.

Well aware of the importance, value and necessity of education which is a crucial foundation in the development of human resources, society and the nation, the Company has regarded educational support to the juveniles in different forms as one of the Company's key policy and activities to Thai society. In previous years, the Company has implemented educational support activities as follows:-

Intensive educational program on jewelry for hearing-impaired persons.

The Company has partnered with the Golden Jubilee Royal Goldsmith College to accept hearing-impaired students to study in the on-the-job training program under the initiative of Her Royal Highness Princess Maha Chakri Sirindhorn with an aim to provide them direct experience on the jewelry production process. In the meantime, the Company has jointly developed various educational media such as VDO presentations and sign language for the hearing-impaired persons.

The Company has always given importance on creating opportunity and developing careers and occupations to the disabled and fully hopes that the handicapped people would take pride of themselves and expose their innate capacity as well as live a happy life with normal people without becoming a burden of anybody else, be it the family or society. So far, there are six disabled students in the pilot project who have graduated from the program and been recruited to work as the Company's permanent staff.

Vocational education management under bilateral system.

The scheme has been initiated through partnership with the Office of H.R.H. Princess Maha Chakri Sirindhorn's Projects, the Division of Welfare Education under Department of General Education, Suksasongkroh School (the Educational Welfare School) and Rajaprajanukroh School, the Golden Jubilee Royal Goldsmith College and the Bangkok Arts and Crafts College with an aim to expand vocational education opportunity to the underprivileged children, enabling them to continue their studies on gems and jewelry at higher and advanced vocational certificate levels. The Company has now operated the project for the 10th consecutive year.

Support to the "Art for All" art camp activities to the handicapped persons.

Pranda Jewelry Plc and Primagold International Co., Ltd. have donated on a regular basis money to the "Art for All" art camp activities for use in several projects and activities of the foundation. The Art for All art camp activities are established particularly for the disabled youth, giving them a chance to study arts together with normal counterparts. The program is organized by the Faculty of Arts of Chulalongkorn University in alliance with five key organizations.

Support to activities in National Children's Day to schools in nearby areas.

The Company has contributed stationary, souvenirs, gifts and snacks to children at activities on the National Children's Day to various nearby schools such as Wat Pongploy School, Pongpoyanusorn School, and Sri lam Ansorn School.

Foundation for Children.

The Company has also jointly offered money to the Foundation for Children and hosted a lunch for them as well as donating consumer goods and other articles which are essential for daily life. and educational media in a bid to develop their intellects so that they can grow as society's good citizens.



▲ Intensive educational program on jewelry for hearing-impaired persons.



▲ Vocational education management under bilateral system.



▲ Support to the "Art for All" art camp activities to the handicapped persons.



▲ Support to activities in National Children's Day to schools in nearby areas.



▲ Foundation for Children.



▲ Participation as speakers
“Economics and Ethics : Business Partnership”.



▲ Education Minister Miss Narisara
Chawattapipat, Visit.



▲ Visitors from Asia Precision Co., Ltd.

▼ Participated in the prayers and blessings
for his Majesty the King.



Participation as speakers.

For several years, the Company has dispatched experienced executives and employees as speakers and lecturers to provide knowledge and share experiences to students in various educational institutions. For instance, Mr. Pramote Tiasuwan, Senior Vice President of Pranda Jewelry Plc, has been invited to join the seminar on “Economics and Ethics : Business Partnership” to present a case study of private corporations which stress upon the importance on developing well-doers to the society in keeping with value creation to organizations on the connectivity and balance basis.

Company visit and study tour.

The Company has allowed educational institutes, and various private and public agencies to visit and observe the Company’s operations.

Education Minister Miss Narisara Chawattapipat, together with college directors, deputy directors, and delegation from the Education Ministry, has paid a visit and study tour to observe the education management under bilateral project of the Company.

Mr. Chaiwat Kerdphol, Director of Policy and Strategies Bureau, and the Wages Committee under the office of the Permanent Secretary for Ministry of Labor have visited the Company to study organizational structure and human resource development and management of the Company.

Visitors from Asia Precision Co., Ltd, the auto parts and electronics maker, have visited and studied the Company’s child development center so that they can apply it as case study and guideline in managing its own child development center

Relationship with nearby communities.

The Company has participated in various community activities such as the activities held on the National Children’s Day held by Bangna Police Station, contribution of sports kits to Wanthong Community committee, Rungsawang Community committee, Likhit 4 Community committee, Wat Pongpoy Community committee, and Bangna Flat Community Committee as a way to promote health awareness among residents in those communities and underline good relationship between nearby communities, public agencies and the Company.

Support and Campaign to create a sense of social responsibility.

- The Company has participated in a campaign to encourage executives and employees to humbly adopt the Sufficiency Economy philosophy of His Majesty the King as the norm both in working and living to create peace, composure and peacefulness to the country as royal charity.
- Participated in the prayers and blessings for his Majesty the King as part to demonstrate loyalty and allegiance as well as appreciation in the royal grace bestowed to Thai citizens. Such activities are a part of the participation in celebrations of His Majesty the King’s birthday and on the occasion of the National Father’s Day.

- Participated in the blood donation to the Thai Red Cross Society every three month. The Company's employees have participated in this activity on a consecutive basis since 1991.
- Jointly granted financial aid to the compatriots in time of crises such as contribution of consumer goods and cash to the flood victims in several provinces, and donations through Thai Gem & Jewelry Traders Association and the Thai Red Cross Society to help Cyclone Nargis victims in Burma.
- Supported Social Venture Network (SVN). Pranda Group and the member companies of Social Venture Network, a network of socially responsible business leaders committed to building a just and sustainable world through socially and environmentally sustainable business are committed to promoting and supporting the development of business consciousness which pays respect to society and environment, takes into all account the rights of community and society and manage business in a manner of fairness to all related parties.

Managed business in compliance with The United Nations Global Compact.

The Pranda Group has participated in the UN Global Compact which is an initiative to encourage cooperation between business organizations worldwide, the UN's internal agencies, civil organization and the government sector with an aim to promote environment, human rights, labor standard and anti-corruption. Participation as a member of the Global Compact project is regarded as a real milestone of the Company which stresses upon business practices with responsibility to the global community and reflects the Company's commitment to running business with mindfulness and care.

Social and environmental care is indispensable for sustainable development of the gems and jewelry industry. The Company is committed not only to operating business in compliance with the Global Compact on a continuous basis but also to supporting values, human rights, labor standards, environmental impact and business ethics in administration policy under management philosophy which strictly adheres to honesty, shareholders' benefits, maximum efficiency and effectiveness in business administration with righteousness, integrity, and the principles of responsibility to society, laws and the best business practices. The Company has acknowledged accountability for shareholders, stakeholders in the overall society, environment, safety, and prosperity of nearby communities and the country.

Support to upgrade quality of life of employees.

Pranda Group believes in the man's potential and power as well as working process, taking the human resources as the most vital component for the company's achievement. The Group has also a clear-cut policy to support and promote education and human resource development on a continuous basis and provide adequate welfare, quality of life, safety standards, and facilities in the workplace.

• Human rights

Pranda Group has provided a wide range of benefits and welfare to employees such as medical services and child development center for employees' siblings.

The Company has also established a project to "Promote the quality of life of employees and their families" with an aim to develop better knowledge and understanding and the right parental and family skills which benefit the parent network development in the company and sustainable child and social development.

For several years, the Company has given importance to promote the establishment of convenience and facility to bring about a balance in the working life of the children's parents and guardians such as a child development center, free lunch for children at the center, employee's corporate uniforms, annual medical checkups, social security, a provident fund, savings co-operatives for employees.

The Company has also set up "Precious Waste that Saves Environment" project with an aim to promote a good sense of employees and personnel within the Company in a bid to get them to be good citizens of the country and to stimulate a good attitude to participation in waste management.

The project also intends to generate added value and income from recyclable waste to employees which accordingly creates saving behavior among them. Greater savings will then lead to sustainable development according to the sufficiency economy of the company.

The Company has, in addition, offered postal and mailing services to employees with provincial domicile, prepared accommodation as well as lodgings, a fitness club, library services and sports center, etc.



▲ Labor Minister, Visit Child development Center.



▲ Blood donation.



▲ Annual Saving Meeting.



▲ Child development Center.



▲ Annual medical Check up.



▲ Library Center.



▲ Safty Week. ▼

Having stressed upon the importance of good sanitation and safety standard developments in the workplaces and training on safety and sanitation issues to the employees, Pranda has developed green areas around the buildings and factories which includes a small park, fountain, pond and trees to create recreation and refreshment as well as sufficient clean and sanitary toilets.

Equality Support.

On the labor standards, the company has pursued clear policies and practices not to employ child labor, forced and compulsory labor or any forms of discrimination, and unfair requirements such as advance money guarantee conditions or complicated documentation process.

Once they are contracted to work for the company, the company promises to offer them equality both in opportunity and treatment, and accept the employee's rights allowing them to set up welfare committee and hold meetings to discuss and manage a wide range of creative and useful activities.

In 2009, the company has continued activities that promote quality of life and safety of employees and provided them annual activities including annual medical checkups and eye tests by accredited hospital physicians, training programs on the first aid which are held every year to enhance knowledge and better understanding as well as concept and general practices of the first aid in order to encourage the company's personnel to realize the importance of good health of employees families, and surrounding people.

The activities also include training on basic fire prevention, fire fighting and fire drill course at the company's premises and buildings, the Safety Week activities to stimulate the Company's staff to recognize and realize the importance of safety, sanitation in the workplace and working environment. The Company has also organized other activities to promote skill development of workers and employees in different issues such as Workshop V-Fast, a program designed to promote cross-department teamwork in order to encourage those who are engaged in particular problems to draw on their inner potentials or hidden capacities of each to settle those problems.

Thai Labor Standards.

Pranda Jewelry Public Company Limited has participated in the Thai Labor Standard (TLS 8001-2003) scheme of the Department of Labor Protection and Welfare, the Ministry of Labor and carried out upgrading standards for over the years since September, 2005. And thanks to the Company's effective planning and thorough reporting, business systemization, close monitoring as well as cooperation, attention and sincerity from all parties in such practices, the Company won the Thai Labor Standard (TLS 8001-2003) Certification for the Completion Level. The Thai Labor Standard (TLS 8001-2003) Certification for the Completion Level well reflects how the company pays special care to its employees and neighboring communities throughout its operations.

Pranda Jewelry Plc has fully acknowledged that the organization's business achievement is not measurable only on profitability, growing operating results and financial figures, but also good citizenship in society, business ethics, and participation in assisting and supporting surrounding communities including the underprivileged in society to enable them to have a chance in order to develop their own capacity and self-reliance. This is the way Pranda Group has adopted as the regulation and practices throughout many years.



The Pranda Group is committed to operating business based on widely-recognized principles of Good Corporate Governance and implanting common sense and working ethics to all employees and giving the utmost importance in running business on mutual benefits of shareholders and stakeholders on a fair basis. The Company has initiated and implemented the Good Corporate Governance policy in written statement since 2000 for use as the guidelines in pursuing duties and practices for the Company's board of Directors, management and all employees. The principles of the Company's good corporate governance would be applied and developed into real practice for business management and administration at all levels on a routine and regular basis until this develops into decent organizational culture, creates joint values where every employees uphold, whereby the Company is committed to treating all stakeholders on a fair and equal basis and exercising their duties for the greatest benefit of the Company in their full capability with integrity and transparency which is measurable and assessable. The Company has revised and upgraded the policy on the Good Corporate Governance in 2007 and developed a Corporate Governance (CG) manual by adding additional key policies of the Company to ensure its compliance with the principles of the good corporate governance practices of listed companies as stipulated by the Stock Exchange of Thailand and the widely-recognized best practices on the Principles of Corporate Governance of the Organization for Economic Co-operation and Development (OECD). In 2008, the Company's Board of Directors has reconsidered and revised the manual of the good corporate governance for the second time by re-arranging topics and adding more comprehensive contents to make the practical guidelines more complete and compliant with the Exchange Act (No. 4) B.E. 2551 Chapter 3/1 on "Governance of Publicly Traded Companies."

As a consequence of the Company's commitment in the Good Corporate Governance, Pranda Jewelry Plc has scored "very good" rating in the Corporate Governance Report of Thai Listed Companies 2009 prepared by the Thai Institute of Directors Association (IOD) which evaluates the good corporate governance practices of the listed companies. Pranda Jewelry Plc is one of 138 listed companies which score "very good" rating from a total 290 listed companies where their Corporate Governance practices were evaluated. The Company is also one of 138 listed companies which score "Excellent" rating for Annual General Shareholders Meeting (AGM) Assessment Program for 2009 from a total of 4978 listed companies which have been assessed by the program which is held by Thai Investors Association. Results of those evaluation and assessment well reflect the company's commitment and liability in the Company's good corporate governance development on a continued basis. This commitment is also taken a vital component to connote proficient organizational management which would generate added-values to the shareholders in the long run.

The Company pledges to stand for the practices in accordance with the good corporate governance already stated and is committed to improving and developing the road map whereby the consequence of the practices would be unveiled every year. In 2009, the Company's Board of Directors have closely supervised and ensured all directors, management and employees to comply with the good corporate governance policy. Any incidents which come against the corporate governance policy of the Company are thus yet to be found. Outcome of the practices is elaborated as follows:-

Policy on the Good Corporate Governance

The Company's Board of Directors has prepared the good corporate governance policy in written statement as the practical guidelines for directors, management, employees to pursue, and has twice revised the corporate governance: (CG) manual. The principles on the Company's corporate governance agree with the Sufficiency Economy Philosophy initiated by His Majesty King Bhumibol Adulyadej for sustainable development which focuses on equilibrium and the safeguard against rapidly changing circumstances based on the use of knowledge on a cautious, careful, and virtuous basis and corresponds with eight basic principles of the Company :-

1. Accountability.
2. Responsibility.
3. Integrity.
4. Equitable treatment ensured to all stakeholders.
5. Transparency in all aspects of the trading operations.
6. Ethics and morals in business.
7. Vision to create long-term value.
8. Corporate Social Responsibility.

The Company has also strictly adhered to the best practices as stated by the Stock Exchange of Thailand to encourage the Board of Directors and Company's management to develop and upgrade their code of conduct to meet international standard practices to produce the greatest benefit to the Company and competitiveness and sustain the growth of the capital market and Thailand's economic prosperity in the long run. The good corporate governance's content is divided into five sections as follows:

Section 1: Responsibilities of the Board

1. Leadership and Vision

The Board of Directors who acts on behalf of the shareholders is held responsible for supervising and controlling the Company's administration to ensure the compliance with the Company's objectives and regulations. The Board has applied the Sufficiency Economy philosophy as the basic principles in running business by determining the vision, mission, policy, target, and business plan according to the principle of "Moderate Growth," "Business Rationality" and "Business Immunization" based principally on expertise and business ethics.

The core value committee has been appointed and set up to promote the establishment of Share values within the group of companies, encourage participation of employees throughout the entire organization, standardize activities that promote the sense of participation on a continuous basis as well as apply activities and programs into real practices and real life in the manner of consistency and harmony according to the core value principles.

The core value committee offers a framework of support and supervision as follows:

1. Savings Co-operatives for employees

The savings co-operatives have been founded in 2008 with currently 1,822 members. Objective of the establishment is to promote savings among employees which will enable them to save a portion of their income in secure vehicles and earn reasonable return. This means of savings also help encourage employees to help not only themselves but also one another among the member fellows by offering financial services to members and promoting learning and quality-of-life development among them.

2. A project to promote educational and occupational opportunities to the handicapped persons

Pranda Jewelry Plc has teamed up with the Golden Jubilee Royal Goldsmith College, Schools for the Deaf and Ratchasuda College, Mahidol University, and Nakornluang polytechnic college to organize educational program on gems and jewelry for the hearing impaired persons in response to an initiative of Her Royal Highness Princess Maha Chakri Sirindhorn and recruited the graduates to become the Company's employees. The Company has as at the end of 2009 employed a total of 17 disabled people and plans to recruit more five people in 2010 mostly from disabled students from Kanchanaburi Technical College. In 2009, the Company received a shield of honor on the category of the private ventures which promote occupational opportunities to the handicapped persons from Prime Minister Abhisit Vejjajiva.

3. Sharing and charity project to society

The Company and subsidiaries have partnered with Foundation for Children to jointly organize social activities with special focus mainly on the underprivileged juveniles by offering them school lunches and consumer products which are necessary for daily lives as well as other educational media to strengthen the children's intellects and develop them into the society's good citizen. The Company has; in addition, donated cash in amount of 51,041 baht to the Foundation for Children as expenses for child care. Activities are held at the Foundation for Children, Sampran District, Nakhon Pathom province.

Pranda Jewelry Plc. has participated in the scheme to "create public consciousness and develop employee volunteer within the organization" held by the Center for the Promotion of National Strength on Moral Ethics and Values in cooperation with Kenan Institute Asia. The scheme developed with an aim to develop human resources based on the principles of public consciousness development to stimulate the presence of employee volunteers and expand into sustainable development of the organization, family, community and surrounding society, has overwhelmingly drawn over 16 private companies from the venture network participating. The Company has also dispatched its representatives to attend this training program which is held at sufficiency economy learning center in Kanchanaburi province. The Company is also a member of CSR Club which is founded by an integration of over 27 leading business ventures listed in the Stock Exchange of Thailand under the aegis of Thai Listed Companies Association, Securities and Exchange Commission and Stock Exchange of Thailand with an aim to encourage the listed companies in the Stock Exchange of Thailand to apply the principles of CSR in business operations. Pranda Jewelry Plc is one among the founding members of CSR Club.



4. Bilateral Education

The project has been developed through partnership with the Golden Jubilee Royal Goldsmith College and the Bangkok Arts and Crafts College to arrange vocational education in the Bilateral Education Program and in cooperation with the Non-Formal Education Department as a way to provide occupational education opportunities to underprivileged children on gems and jewelry at higher and advanced vocational certificate levels. The Company has operated the program for the 10th consecutive year so far, producing graduates of over 555 and with 238 still studying. The bilateral education program is given a credit to enable the Company to win a number of certificates of approval and a shield of honor at “68 years of Thai vocational education going forward to the future” event from Deputy Education Minister Narisara Chawaltanpipat on occasion that the Company has been chosen as the establishment which offers good cooperation with authorities from the Office of Vocational Education Commission to prepare education and occupational training.

5. Child Development Center

The Company has operated the child development center, looking after mainly children of the Company’s employees for over 24 years. Until today, the center has provided services to over 927 children. The initiative is a part of social contribution strategy within Pranda and the policy to develop Pranda as a second home for all employees and their beloved kids.

6. Self-Learning Center

The Company has established library to provide circulation services for employees not only for books but also Internet services and periodicals for more than three years with an aim to promote employees to develop their own knowledge and expertise and encourage employees to optimize their leisure and promote them reading. The library is opened not only between Monday and Saturday but also Sunday so that employees and their families could have a get-together activity during the family’s holidays.

7. Support to neighboring communities

The Company has contributed stationeries and presents every year for children at the National Children Day’s activities to Wat Pongpoy School, Wat Ponpoy-anusorn School and Wat Bangnanai every year. It has also supported various activities in the National Children Day held by Bangna Police Station by granting sports kits to Wanthong Community committee, Wat Pongpoy Community committee and Rungsawang Community committee as a way to underline good relationship between the Company and nearby communities and encourage their residents to make the best use of their leisure, stay away from drugs and strengthen unity between the company and surrounding communities. The Company has also joined the “Love Mom, Save Water” (Rak Mae Rak Nam) project held by Industry Ministry in celebration of Her Majesty Queen Sirikit’s birthday as a part to save and rehabilitate Chao Phraya River and support harmony between the company and nearby communities.

8. Activities to enhance participation of employees

In its best bid to sustain business accomplishment, the Company has continued the “Share Value” program with an aim to encourage a sense of participation of employees in the entire organization, standardize activities that promote the sense of participation on a continuous basis as well as apply activities and programs into real practices and real life in the manner of consistency and harmony according to the Share value principles. The “Share Values” that everybody in Pranda Group of Companies subscribe to includes:-

- Teamwork
Meaning : Coordination, cooperation and unification to inspire one another in order to promote participation of workers at all levels to accomplish business goal.
- Continuous Improvement
Meaning : To create opportunities and understand thoroughly the importance of continuous improvement and development in order to bring about better operating results both in the level of personal performance and throughout the Company to ensure its compliance with the customer’s requirements and changing market environments.
- Stakeholder Focus
Meaning : To demonstrate interest, care, fair treatment, and transparency in working by focusing on all stakeholders ranging from the shareholders, employees, clients, trade partners, creditors, competitors, to community and society.

Such principles are clearly demonstrated in the Company motto “Teamwork, Continuous Development, Value Creation and Virtue Protection.”

Share Value has also steps of implementation as follows:-

1. To communicate in order to create better understanding

2. To support practices in response to the Share value whereby activities are developed to support the creation of Share value. There are so far six projects already in place in response to the Share value:-

- 2.1 Waste reduction project : The Company has initiated a Mascot contest in a campaign to separate types of waste, and developed public relations media and setting up the waste bank to buy rubbish and leavings from employees.
- 2.2 Debt reduction project : The Company has developed media to provide correct understanding about credit card, and initiated training on spending planning and debt compromise program.
- 2.3 Traveling expense reduction : The Company has prepared shuttle bus to employees for a distance of five kilometers every day and initiated car pool registration program
- 2.4 Health promotion project : “A bit exercise a day makes you healthy” is the first activity the Company has initiated with an aim to make the Company’s employees healthy and develop their physical capability and strength. Daily exercise starts with swinging hands for five minutes. The Company has also developed Fit & Firm project by aerobic dance and yoga exercise and



initiated Health Week scheme including training on “social security project and how to lose weight to guard against diseases” in cooperation with the Office of Social Security and Kluaynamthai Hospital. The training program aims to raise awareness of the social security members over the threats of obesity and encourage them to take care of their health and more exercises, as well as change consumption behavior. The Company also plans to organize annual volleyball and soccer competition in 2010 and daily exercise activities for physical balance every morning.

- 2.5 Innovation campaign project : The Company has introduced INNOBOT robot as the project’s ambassador, including the paper puppet show, VDO presentations and exhibition boards about innovations and innovative knowledge.
- 2.6 Knowledge enhancement project : The Company has renovated the library, with categories of books and shelves being rearranged, and organize mobile libraries in various forms and occasions and community radio services about easy Dharma every Buddhist Holy Day as well as book sharing activities and mobile library activities to promote reading among employees, enhance their knowledge and encourage them to apply it to better their life and living.

3. To distribute to society. The Company has a lot of social activities as indicated under “Social Responsibility”

2. Management Structure

For structure and component of the Board of Directors, the Company has take into account the appropriateness of present Board of Directors structure in comparison with scope of their responsibilities and in compliance with the Company’s regulations and rules governing the Company’s Board of Directors stipulated by the Company’s Board of Directors. (Components, qualifications and scope of responsibilities and functions of the Company’s Board of Directors have been disclosed in details in “**Shareholder and Management Structure**” topic.

The Company’s present Board of Directors is composed of nine members whose number is deemed appropriate to the Company’s business size. Directors have extensive qualifications in specialized knowledge, working experiences, skills, expertise and age which benefit the functions of the Board of Directors in determining directions and policies that supervise administration and operations of management. Personal backgrounds and qualifications of each director are made available in “the Company’s Board of Directors and high-ranking executives” topic. All directors of the Company have no criminal records on offences or charges which are associated with property and no records on transactions which might lead to the conflict of interest with the Company.

3. Counterbalance of Non-Management

The Board of Directors comprises nine members, four of them are the directors who hold management position and the remaining five are non-management directors. The non-management directors comprise three independent directors, representing not less than one-third or 33.33% of total Directors. The Company is confident that all directors will be able to perform their functions in capacity of representatives of shareholders and have proper balance and auditing experiences. The Company has re-defined definition of the “**independent director**” to comply with requirements of the Securities and Exchange Commission. Related details are made available on the topic of “Management and Shareholder Structure.”

4. Position Separation or Combination

The Company has completely separated the position of the Board Chairman from that of the position of President. The Board Chairman should not be the same person as the President to ensure the checks and balances and to prevent overlapping authorities. The roles and responsibilities of the two positions have been clearly stated as follows:-

The Board Chairman will act as the strategic leader and encourage all of the Board of Directors to participate in the meeting and supervise the execution of the mission of the management through the President. His/her duty should not overlap with routine administration or daily business management which will be handled by the President.

Although the Board Chairman is not an Independent Director, the Board of Director structure comprises one-third of the total Directors, the ratio which is considered enough to create checks and balances in the administration.

The President is held responsible for taking care mainly of Company administration and management and ensuring the compliance with the Company’s vision, mission, strategy and policies set by the Board of Directors.

5. Remuneration of Directors and Management

Remuneration of directors, executives and management is made transparent and offered at a proper rate compared with the industry's norm based on contributions, performance, and role of each member of the Board of Directors as well as the Company's annual operating performance. Remuneration of the Board of Directors will be subject to consideration and approval of the Selection and Remuneration Committee, before being submitted to the Company's Board of Directors for acknowledgement and to the shareholders' meeting for approval.

Remuneration of executives and high-ranking management would be in the meantime, offered according to the principles and policies imposed by the Board of Directors and based on operating performance of the Company whereby Key Performance Indicator : KPI is set to measure their performance each year. Compensation payment would generally be in the form of salary. Compensation both of directors and executives in 2009 has been demonstrated on topic of **"Shareholder and Management Structure."**

6. Meeting of the Board of Directors

The Company has set the meeting of the Board of Directors in advance throughout the year and requires regular meetings every quarter in order to allow all directors to manage their time to attend every meeting to protect the Company's interests. The Company may call an additional meeting if needed. Invitation letters enclosed with the meeting's agenda and other documents would also be delivered to all directors at least seven days ahead of the meeting so that the Board of Directors has sufficient time to study information. Generally, the meeting would take about 2-3 hours. Minutes of the meeting and important issues have been prepared accurately and completely at appropriate time. Minutes of the meeting which have gone through an acknowledgement of the Board of Directors would be filed properly for later examination of the Board of Directors, shareholders, and related parties, and for references. Records of the attendance of the Company's Board of Directors and sub-committees in 2009 have been summarized on Table 1 at the end of this article.

7. Sub-Committees

The Board of Directors has set up a series of key sub-committees which are composed of knowledgeable and experienced persons to help supervise and re-examine several issues and assignments to ensure their accuracy, transparency and completeness before submitting to the Board of Directors for approval or acknowledgement on a case-by-case basis in order to support the Company's administration and management. The Company's sub-committees are composed of five panels including :-

- 7.1 **Executive Directors.** They comprise seven members, four of whom are the Company's directors and the remaining three having no position in the Company. Their roles and responsibilities are to consider and supervise the Company's operations in accordance with scope designated by the Company's Board of Directors, and screen various issues before forwarding to the Company's Board of Directors for approval.
- 7.2 **Audit Committee.** They comprise three Independent Directors, one of whom is the accounting and financial expert nominated by the Company's Board of Directors. Their qualifications fully comply with requirements of the Stock Exchange of Thailand. The Audit Committee is held responsible mainly for auditing financial report, examining internal control and internal audit system, ensuring the Company's compliance with securities and exchange law, regulations of the Stock Exchange of Thailand and related laws directly governing the Company's business, considering and nominating the auditor, considering connected transactions or items that may have the conflict of interest, and preparing the corporate governance report of the Audit Committee by disclosing in the Company's annual report which is signed by the Audit Committee chairman.
- 7.3 **Selection and Remuneration Committee.** They comprise six Directors chaired by an Independent Director. Despite five members are not independent directors, there are still processes and steps in selecting directors and high-ranking management which fully comply with the best practices which are transparent, clear and equivalent to the practices of other listed companies in the same industry and conform to long-term benefit of the Company and all stakeholders.
- 7.4 **Finance Committee.** They include four Directors of the Company, with another five members chosen from persons who are knowledgeable and specialized in business, funding procurement, investment analysis, and capable of preventing and control risk factors which may affect the Company's business.
- 7.5 **Core Value Committee.** They include one director nominated from the Company's Board of Directors, with other six members chosen from management of the Company and subsidiaries. Their main duties are to promote and connect the Company's vision to practical behavior throughout the organization to ensure that the entire organization can move in the same director under the Share value framework on a substantiated and appropriate basis.

8. The Board of Directors' Report

The Board of Directors is held responsible for financial statements of the Company and separated financial statements as well as financial information as appeared in the annual report. Such financial statements have been prepared according to generally accredited accounting standards in Thailand and sufficient information disclosure has been provided in the notes to the Company financial statements.

The Board of Directors has also promoted the maintenance of efficient internal control systems including financial information which appears in the annual report to ensure the rationality of the accounting information records and adequacy of accuracy and completeness in its best bid to preserve the Company assets in the best attempt to prevent the administration and management from any irregularity in a significant degree.

The Board has also assigned the Audit Committee to take charge of the Company financial reporting and internal control systems to ensure their accuracy and credibility and to disclose management discussions and analysis (MD&A) enclosed with the quarterly and yearly financial statements.

9. Election and Directorship Term

The Company has provided the terms for holding office by the Board of Directors with details appearing in “Shareholder and Management Structure” topic.

10. Succession Plan

The Board of Directors have determined a succession plan of the Company’s Board Chairman and senior executives with positions higher than division’s managers to strengthen confidence to related parties, be it the shareholders, customers or employees, ensuring that the Company would continue to be run on the steady and sustainable growth policy under business ethics. And to this end, the Company’s Board of Directors has initiated knowledge enhancement program aiming to develop knowledge and skills appropriate to their responsibilities and delegate them suitable assignments.

11. Evaluation of the Company’s Board of Directors

The Company has determined the performance evaluation process of the Board of Directors by using the evaluation form of the Stock Exchange of Thailand as the guideline to develop its own evaluation form to be used as the framework in auditing responsibilities and functions of the Company’s Board of Directors on a constant basis. Evaluation process could be divided into components which comply with the best practices of good corporate governance as follows : Structure and qualification of the Board of Directors; roles, duties and responsibilities of the Board of Directors; the meeting of the Board of Directors; function of the Board of Directors; relationship with management division; self-development of the Board of Directors and management development; strategy and business planning; risk management and internal control; supervision to prevent conflict of interest, and monitoring of financial report and operating results. In 2009, the Board of Directors has performed their duties and responsibilities in an appropriate manner in accordance with the best practice guidelines for directors.

12. Director and Management Development

The Company’s Board of Directors has designated practices and treatments to newly-appointed directors, providing them adequate information about the Company’s business nature, the Group’s business structure, organizational structure, the group’s operations, rules, regulations, key policies and business ethics as well as information concerning the best practices of directors according to requirements of the Stock Exchange of Thailand and the Securities and Exchange Commission to ensure that new directors would perform in their full capability in capacity of the Board of Directors of listed companies. In addition, the Company has prepared briefing on the jewelry industry’s overall outlook; the Company’s operating results and vital present and future projects.

The Company’s Board of Directors has also promoted directors to acquire training and knowledge development programs on a continuous basis in its best bid to better understanding in their roles, duties and responsibilities and enhance skills in performing more efficiently their duties as the Board of Directors of the listed companies. The Company has also directed directors to attend seminars and training programs held by the Thai Institute of Directors Association (IOD) with details shown in Table 2 at the end of this article.

In addition, the Company has directed management and related parties to acquire training such in the courses about the Company’s secretary, the best practices of good corporate governance, internal audit and others held by various state and private agencies and institutions to strengthen their knowledge and understanding in responsibilities which would help facilitate the performance of the Board of Directors and sub-committees.

13. The Company’s Secretary

The Company has appointed Mr. Dusit Chongsutthanamanee as the Company’s Secretary on December 15, 2008 to help handle various activities of the Board of Directors and the Company such as the meeting of the Board of Directors and shareholders and other activities; provide advice to the Company’s Board of Directors to comply with the laws and relevant regulations on a regular basis; ensure the disclosure of the accurate, complete, and transparent information, and promote the company’s governance to achieve the widely-accepted good corporate governance standards. Details of the components, qualifications and scope of responsibilities of the Company’s secretary are shown in “Shareholder and Management Structure” topic.

Section 2 : Equitable Treatment of Shareholders and roles to Stakeholders

1. Rights and Equality of Shareholders

The Company has strictly abided by policy on responsibilities to shareholders whereby the practices have been prepared in written statement since 2000 and revised in the Company's corporate governance manual as well as disseminated via the Company's communication channels including website for use as the practical guideline to shareholders as the business owner. The practices which well reflect due respect to the basic rights of the shareholders include :-

- The rights to buy, sell or transfer shares
- The rights to attend the shareholder's meeting
- The rights to determine remuneration to the Company's directors
- The rights to vote for election or removal of each director
- The rights to vote for election and determine remuneration of auditors
- The rights to vote in issues which require approval from the shareholder's meeting
- The rights to receive a share of profits from the Company
- The rights to demonstrate opinions and inquiries in the shareholder's meeting and propose alternatives for shareholders who fail to attend the meeting by allowing them to grant proxy to independent directors to attend the meeting and vote on their behalf
- The rights to receive information updates and important developments of the Company via the website on an accurate, complete, adequate, punctual, verifiable and equal basis.

1.1 Shareholder's Meeting

The Company's Board of Directors have given importance to annual shareholder's meeting as a platform to enable shareholders which partially own the Company's business to get updated and informed the Company's operating results, share a part in decision-making in critical issues of the Company as well as inspect performance of the Company's Board of Directors and management. The Company has organized the shareholder's meeting which fully complies with legal requirements and guidelines as stated in AGM Checklist prepared by the Thai Investors Association, Listed Companies Association, and the Securities and Exchange Commission.

The Company has organized one shareholder's meeting, namely "2008 Annual Ordinary Shareholders' Meeting" on Thursday 23rd, April 2009 at 14.00 p.m. at the Company's club Building. Shuttle bus services are also made available at the assembly point on the parking area of Lotus Hypermarket, Onnui branch which is adjacent to BTS skytrain station during 12.00 to 13.20 p.m., and prepared appropriate food, refreshment, and other facilities to accommodate the shareholders who attend the meeting. The Company has also allowed the shareholder's registration and vote counting through computer system, making it convenient and smoothly run, and after the meeting allowed the shareholders to visit and observe the Company's business.

Prior to the Meeting

The Company has provided information relating decision-making at the shareholder's meeting in advance on an adequate and timely basis. And after the Company's Board of Directors has resolved at the meeting to set the 2008 Annual Ordinary Shareholders' Meeting," the Company has proceeded with procedures as follows:-

- Informing the meeting schedule and agenda to shareholders via communication channel of the Stock Exchange of Thailand and the Company's website in advance before documents are delivered to the shareholders 52 days from February 27, 2009 ahead of the shareholder's meeting.
- Mailing the meeting's invitation letters enclosed with complete details of the meeting to shareholders. The Company has authorized Thailand Securities Depository Co., Ltd. as the Company's share registrar who would be responsible for delivering the invitation letters for the 2008 annual ordinary shareholders' meeting to shareholders on April 8, 2009 in accordance with relevant laws and regulations which require the listed companies to deliver the invitation letters to shareholders at least seven day prior to the meeting date. And as an attempt to enable the shareholders to study supplementary information in advance, the Company has disseminated the invitation letters and the entire supplementary documents in similar information and documents the Company deliver to the shareholders on the Company's website one month since March 19, 2009 before the meeting. Invitation letters include:-
 - Facts and rationality and opinions of the Board of Directors
 - Copies of the minutes of the previous shareholder's meeting for the shareholders' acknowledgement
 - The Company's annual report which details vital information about the Company and operating results in a previous year
 - Details of information to supplement the meeting's consideration in each agenda such as the agenda to elect directors to replace existing directors whose terms expire enclosed with curriculum vitae of each director including age, education background, present and previous positions, number of shares held, terms of services in the Company and other positions in the listed companies which may cause the conflict of interest to the company or any possible legal disputes.
 - Explanations on the grant of proxies, registration, declaration of the meeting's documents and voting rights
 - Information and details of personal backgrounds of independent directors to be endorsed by the shareholders to hold the proxies on their behalf

- Steps to attend the meeting
- Specific regulations of the Company about the shareholder's meeting
- The meeting venue and maps
- Three proxy forms according to the requirements of the Business Development Department under the Commerce Ministry. Form A is the general proxy form which is simple and uncomplicated, while Form B (specific details form) is the form which requires details of various items that grant proxies and Form C is the proxy only for foreign shareholders who appoint custodians in Thailand.
- Business response envelope for the proxy form (in case the proxies are granted to independent directors as the proxy holders)
- The Company has also advertised invitation for the meeting in daily newspapers for three consecutive days between April 20-22, 2009 or not fewer than three days before the meeting as required by the company's regulations and the Public Limited Company Act B.E. 2535.
- The Company has put in place the treatment guidelines on minority shareholders on issues as follows :-
 - Proposing their own agenda to the shareholder's meeting
 - Nominating candidates for the Company's Directors
 - Submitting their questions prior to the ordinary shareholder's meeting

The Company has allowed the shareholders to proceed with those informal proposals in advance via the Company's website www.pranda.co.th or www.pranda.com between October and December every year before they submit the proposals in written statement. The Company would disclose via the Stock Exchange of Thailand's communication channel facts and reasons the Board of Directors has considered whether to include or exclude the proposals of the shareholders into agenda of the shareholder's meeting for acknowledgement on an equal basis.

At 2008 Annual Ordinary Shareholder's Meeting, no single shareholders have proposed their own agenda, nominated candidates for directors and forwarded questions in advance. The Company's Board of Directors has also considered other issues (in case available) included in the agenda in order to enable the shareholders to propose any issues for the meeting's consideration based on the practices and requirements of Article 105 of the Public Limited Company Act B.E. 2535. The Article 105 allows the shareholders with combined shares of not fewer than one-third of total issued shares to legitimately ask the meeting to consider other issues other than those stipulated in the invitation letters. However, no proposals on other issues were raised for the meeting's resolution, except petty suggestions and inquiries over the issues already recorded in the minutes.

The shareholders meeting date

The Company has provided various accommodations and facilities to the shareholders who attend the meeting and carried out the meeting on a transparent and verifiable basis, and opened opportunity for the shareholders to ask questions and express freely opinions in each agenda as follows :-

- The Company has put focus on providing convenience to the shareholders by arranging the shuttle bus to pick them up to attend the meeting from the assembly point at the parking area of Lotus Hypermarket, Onnuj branch which is adjacent to BTS station (Onnuj). In case the shareholders drive their own personal vehicles, the Company would prepare them sufficient parking space.
- Preparing computer system for registration and vote counting. Registration would be allowed for attendance at least one hour before the meeting and until the end of the meeting. The Company; in addition, would prepare souvenirs, food and appropriate refreshments to shareholders who attend the meeting
- Nine of the Company's Board of Directors has attended the meeting representing 100% of all directors; with high-ranking management and representatives from auditing firm also participating in the shareholder's meeting to answer the questions raised and acknowledge the shareholder's opinions.



- Prior to the meeting, the chairman has directed the Company's president to explain the meeting procedures and the vote counting approach
- Managing the shareholder's meeting in order according to agenda informed in the invitation letters to the shareholder's meeting
- Preparing the ballot paper for vote counting in each agenda and for the agenda to elect the directors the vote counting with ballot separately will bring about transparency and verifiability
- Providing rights to the shareholders who attend the shareholder's meeting, after the meeting kicks off, to have voting rights or vote for the agenda which are pending and have yet to resolve
- Recording the minutes and voting in each agenda

Allowing the shareholders to visit and observe the Company's business after the shareholding's meeting finishes. At the 2008 Annual Ordinary Shareholders' Meeting, 53 shareholders including those who have granted proxies have attended, representing 176,732,080 shares or 44.66% of a total of 395,748,590 issued shares

After the Meeting

The Company has informed resolution of the 2008 Annual Ordinary Shareholders' Meeting and identified the outcome of the votes in each issue. Outcome of the votes would be separated to "Agree" "Disagree" and "Abstain," with a proportion of votes in each type also displayed. All related documents have been mailed to the Stock Exchange of Thailand and transmitted online via electronic system (SCP: SET Community Portal) in the next working day after the meeting.

The Company has prepared 2008 Annual Ordinary Shareholders' Meeting in written statement by recording vital points of each issue, summary of questions of shareholders and explanations of the Company's Board of Directors and additional suggestions of the meeting including resolutions of the meeting as well as the votes in each type and ratio of the ballot in each issue on a transparent and complete basis. The record of the minutes handled by the Company's secretary and endorsed by chairman of the meeting and authorized directors of the Company would be sent to the Stock Exchange of Thailand and the Office of Securities and Exchange Commission as well as the Business Development Department for document check and reference and disseminated via the Company's website at www.pranda.com on April 28, 2009 ahead of the period within 14 days required by the laws for the listed companies to report the minute after the shareholder's meeting.

Thanks to such practices, the Company has won 92 scores from 100, a score range for "Excellent" rating from Annual General Shareholders Meeting (AGM) Assessment Program held by the Thai Investors Association, Thai Listed Companies Association, and the Office of Securities and Exchange Commission (SEC). The Company is one of 151 listed companies which achieve such excellent rating from a total of 497 companies rated by the assessment program.

2. Equitable Treatment of Shareholders

The Company's Board of Directors and management have strictly adhered to the best practices of equal treatment to all shareholders according to various rules and regulations as directed by the Stock Exchange of Thailand to ensure the Company's status as the listed companies in the Stock Exchange of Thailand. The Company has closely supervised to ensure that the shareholders receive treatment and rights protection on equitable basis as well as the eligibility to acquire information updates from the Company. Apart from ensured compliance with the regulations about information disclosure of the Stock Exchange of Thailand and the Securities and Exchange Commission, the Company has expanded alternative channels for the shareholders to gain greater access to the Company's information both in Thai and English including press release, Analysis Meeting, Opportunity Day to provide information to existing and prospective investors held by the Stock Exchange of Thailand. The Company has also opened opportunity for minority shareholders to put forward their proposals for the Company's Board of Directors to consider including into agenda of the shareholder's meeting; allow them to nominate candidates for the Company's directors; submit their questions in advance, and set policies regarding confidentiality and the use of internal information yet undisclosed to outsiders which may lead to profiteering not only for their own but also others in irregular ways. The Company has also directed all directors, executives and employees at all levels to pursue the practices.

3. Rights of Related Parties

The Company always pays due respect to the rights of all stakeholders and imposes policies to allow all groups to enjoy their rights both for stakeholders within the organization such as employees, executives and subsidiaries and outsiders such as shareholders, customers, trade partners, creditors, competitors the public and surrounding environments. The Company has treated all stakeholders as follows:-

- Shareholders : The Company is committed to functioning as a good representative of the shareholders in running business with transparency and creating the greatest satisfaction to shareholders in line with the Company's long-term growth with reasonable and steady returns. The Company has paid dividends to all Shareholders every year according to the Company's policy which is committed to paying dividend at not over than 60% of net profit. Over the past five years, the Company has paid the shareholders dividend at average 52.75 -59.63% of the annual net profit. No actions which run against or infringe on the rights of shareholders are found. In 2009, there was not any complaint on the fundamental rights of shareholders and there was not any guilty of management and executives found on the use of inside information.

- **Employees** : Fully aware of the importance of all employees which are the vital components of the Company's achievement, the Company has treated every employee at all levels on a fair and equal basis, giving them a chance to enhance their competency on a continuous and regular basis, as well as appropriate welfare and reasonable remuneration, decent and safe working environment. The Company has been accredited by Thai Labor Standard certificate (TLS 8001-2003), Completion, Initiative Level from the Department of Labor Protection and Welfare, the Ministry of Labor, as the Company has developed safety environments to workers. The Company has been acclaimed as the private organization that answers to the state policy in promoting the labor welfare by developing and providing standard nursery services at the establishment on a continuous basis. Such practices have enabled the Company to win a shield of honor from Prime Minister Sanan Kachornprasart. In addition, the Company has set up provident fund within the establishment to provide financial security and welfare to the Company's employees, and established savings co-operatives for employees of Pranda Jewelry Plc to promote savings among employees of the group. In 2009, the Company has thus no legal disputes with employees.
- **Customers** : The Company has expanded customer base whilst retaining existing customers through quality products which meet World-Class standards but in affordable prices and quality of services which are not second to none.
- **Trade Partners and creditors** : The Company has pursued appropriate, efficient and fair purchase and merchandising policy with trade partners, and is committed to honoring all agreements to trade partners and creditors, providing them accurate and factual financial information, and underscoring good relationship to the extent that the Company achieves in securing confidence and trust in the Company's financial status both from trade partners and creditors.
- **Competitors** : The Company has determined policy and practices in relation to competitors in the corporate governance manual under the Ethics section which calls for the Company to treat the trade competitors in accordance with international trade practices and legislations that ensure fair trade competition without trespassing trade confidentiality or any trade secrets of the competitors by means of fraudulent actions. The Company has fully abided by the principle of business ethics. In 2009, the Company has as a consequence faced no legal disputes with any competitors in case of the trade competition.
- **Society and Environment** : The Company has throughout several years given importance to conservation of national resources which are diminishing by a subsequent period of time and is committed to making the best use of the natural resources and preserve the mother nature's sustainable fertility. As part of this effort, the Company's Board of Directors has appointed the core value promotion committee to help handle and support social and environmental activities such as bilateral education system, the project to support education and careers to the handicapped persons, sharing and charity project to society, the program to strengthen relationship with neighboring communities with details presented on **"Responsibilities of the Board"** Section on Leadership and Vision topic. The Company has also promoted other social activities including the campaign to promote and stimulate a good sense of social and environmental accountability among employees at all levels on a continuous and serious basis. Details of activities in 2009 are available on topic of **Social Accountability**.
In light of the good governance practices the Company has seriously adopted both in social and environmental treatment; the Company has been nominated one of the four listed companies in the Stock Exchange of Thailand with market capitalization of not over 10,000 million baht (Group 2) in contest for Corporate Social Responsibility Awards 2009.

Communication channels with stakeholders

All stakeholders are made available to contact and communicate directly with the Company's Board of Directors or the Audit Committee through the Company's head office located at 28 Soi Bangna-Trad 28, Bangna Sub-district, Bangna District, and Bangkok 10260 or through other channels the Company has developed such as the Company's website at www.pranda.co.th or electronic mails as follows:-

The Company's Board of Directors
The Corporate Secretary
Investor relations
Public Relations

board@pranda.co.th
corporatesecretary@pranda.co.th
ir@pranda.co.th
pr@pranda.co.th

Or other channels stakeholders see it appropriate. The Company's stakeholders; in addition, are also able to provide a tip-off or complaints about any alleged illegal action or infringement of the code of conduct or business ethics, incorrect financial report or any internal control shortfall to the Audit Committee so that the Committee should go ahead with further inspection and report to the Company's Board of Directors. For employees who are taken as one of the important stakeholders, the Company's Board of Directors has prepared other means and processes enabling them to lodge their complaints in the Company's regulations on Human Resource Management topic.

Section 3 : Information disclosure and transparency

1. Information disclosure

The Company's Board of Directors has thoroughly supervised the Company's information disclosure to ensure its accuracy, completeness, adequacy, timeliness, transparency, and verifiability. In 2009, the Company has disclosed key information as fully required by the Stock Exchange of Thailand's regulations in relation to information disclosure of the listed companies within the prescribed period. Information has been sent to the Stock Exchange of Thailand and the Office of Securities and Exchange Commission both in the online format through electronic system (SCP: SET Community Portal). Submitted information would be later disseminated to investors via the Stock Exchange of Thailand's website at www.set.or.th including other communication networks of the stock market. Information disclosure covers periodic reports such as financial statement, information disclosure reports (Form 56-1), annual report (Form 56-2) totaling 18 times; and non-periodic reports such as a schedule and venue of the annual ordinary shareholder's meeting, agenda and book closing date for rights to attend the meeting and rights to receive dividend, details of the annual dividend payment including interim dividend payment, a notification about resolutions of the annual ordinary shareholder's meeting, a notification on a process ahead of the ordinary shareholder's meeting, a notification about the nomination of executive directors, a notification about allocation and details of stock warrants to buy the Company's ordinary shares to the Company's directors and employees and/or subsidiaries, and a notification about the consequence of an exercise of warrants by directors and employees and a notification about connected items totaling 11 times.

Nonetheless, the Company has totally abided by regulations on information disclosure and has never encountered any penalties on charges that the listed companies fail to deliver or supply late reports. This is because the Company's Board of Directors have given importance to practices and actions that must not run in a manner of restricting opportunities of shareholders to study the Company's information. The Company has thus developed various communication channels with shareholders, investors, the general public and interested persons. In addition of existing information disclosure channels established according to notifications, rules, regulations and regimes required by relevant above-mentioned laws to enable interested visitors to gain easy access to the Company's information, the Company has developed website (www.pranda.co.th) to disseminate information both in Thai and English on "Investor Relations" Section.

Apart from information disclosure in accordance with the requirements of the Stock Exchange of Thailand and the Office of Securities and Exchange Commission, the Company in 2009 has communicated information and important activities as follows :-

- Preparing management discussion and analysis (MD&A) to explain analytically financial status, operating results and significant changes to investors and securities analysts on a quarterly basis. The report including financial statements would be later transmitted through electronic system (SCP: SET Community Portal of the Stock Exchange of Thailand).
- Disseminating information through investor relations activities such as company visit by investors and interested persons totaling nine times, Opportunity Day held by the Stock Exchange of Thailand on March 12, 2009 and August 19, 2009 at the Stock Exchange of Thailand's building to offer a venue for the listed companies to meet investors, analysts and media to get informed the latest movement and development and the Company's future investment plans as well as quarterly newsletters of the Pranda Group prepared both in Thai and English.
- Disseminating information via mass media. In 2009, the Company has published information through various media as follows: 2 times in the newspapers, 2 times in magazines and 12 times through television and radio channel.

In 2010, the Company plans to improve the Company's website in relation to investor relations to make it compliant with growing requirements of investors and another channel to disseminate the Company's information through Thaিলistedcompany.com.



2. Financial Report

The Company's Board of Directors has directed the Audit Committee to audit the Company's financial report to ensure its accuracy, completeness, transparency and adequacy to preserve the Company's assets and prevent any dishonest practices or irregular actions, and ensure compliance with the generally-accepted accounting standards and legal practices and relevant announcements. This will eventually help create confidence of all stakeholders in the Company's financial report. To this end, the Company's Audit Committee has called for a joint meeting with the Company's auditors without representatives from management attending at least four times a year in a move to seek comments of the auditors in several issues. In addition, the Board of Directors has prepared report on responsibility of the Board of Directors to financial report which covers key issues according to the best practices for directors of the listed companies suggested by the Stock Exchange of Thailand. The report would be enclosed with report of the Audit Committee. In 2009, the Company has appointed auditors from Ernst & Young Office Limited who are versatile in their profession and have no conflict of interest which may affect their freedom and independence and neutrality. The appointed auditors are fully qualified according to requirements in capacity of the Company's auditors in order to create confidence to directors and the shareholders that the Company's financial report should reflect correctly the Company's financial status and operating results and credibility in all issues.

3. Investor relations

The Company has set up investor relations division as a unit to handle specifically communication and contact and provide information services and various activities of the Company deemed useful for investors as a way to enhance a good relationship between the Company and shareholders, financial investors, general investors, securities analysts and the public sector on an equitable and fair basis. The Company has also prepared annual investor relations plans in which the Company's high-ranking management has also participated and the Company's president and related high-ranking executives have presented operating results and provided additional information as well as answered the questions in the meeting to analysts, investors and the media. Investors and interested persons could contact Mr. Dusit Chongsutthanamanee at the Company's telephone at (66) 02-361 3311 ext 431 or the Company's website at www.pranda.co.th as well as electronic mail address: ir@pranda.co.th.

Section 4 : Internal Control and Risk Management

1. Internal Control and Internal Audit System

The Company has realized the importance of effective internal control both at management and operational levels. Scope of responsibilities and authorities of each are hence clearly stated and written to ensure the best use of the Company's assets. Budgeting and feasibility studies on potential investment projects are fully prepared before any investment decision. Roles and responsibilities of those who handle the operational tasks are also entirely separated from those who handle monitoring and evaluation process to ensure appropriate checks and balances.

On February 26, 2009, the Company's Board of Directors has completed the adequacy evaluation form about the internal control of the Company and Subsidiaries. Details of the evaluation form cover organization and environment; risk management; operation control of management; information and communication system, and monitoring system. Summary of the vital contents of the evaluation form covering five components mentioned above appears on **"Shareholder and Management Structure"** topic.

2. Risk Management

The Company's Board of Directors has stressed upon the importance of risk management whereby the Company's Board of Directors has assigned the Finance Committee to specify the extent and policy in risk management. The Company has also organized the meeting together with the Executive Directors every six months to decide and appraise risks which may arise both from internal and external factors of the business. In June and December, 2008, the Company has prepared reports on the outcome of the risk assessment of each division of the Company in order to work out preventive measures and risk management as well as the guidelines in managing and administering the risks to acceptable level. The Company has identified the risk which may affect operations such as the sales and production risk, human resource risk, financial risk, planning and information risk, the risk from market liberalization. More details are provided on the **"Risk Factors"** topic.

Section 5 : Ethics

1. Ethical Practices

The Company has prescribed the “Code of Conduct for the Management and Employee” in written statement on December 22, 2000 as part of the Corporate Governance policy which would be used as the guidelines and the best practices for the Board of Directors, executives, and all employees to strictly abide by. These business ethics are based on the principles of effectiveness, efficiency, transparency and accountability to all stakeholders and related parties. The Company is also committed to producing appropriate rate of returns to investors as well as developing long-term prosperity to the Company. A regular monitoring process has also been developed to achieve those principles. The Company’s business ethics cover responsibilities of management to shareholders, customers, employees, trade partners and creditors, trade competition, the public and responsibilities of employees to the Company.

2. Inside Information Control and Securities Acquisition

The Company accepts the importance of reliable financial information and other information with regard to the Company’s business and operating results which are accurate, complete, adequate, credible and up-to-date to shareholders, investors, analysts and the general public. The Board of Directors is committed to complying with rules and regulations relating to the information disclosure and transparency. The Company has strictly reported information to the supervisory units as soon as the Company’s Directors or managements have changed their securities trading according to the regulations of the Securities and Exchange Commission. The Company has also stated clearly its policy of supervising inside information and securities purchase or acquisition in the good corporate governance manual in the Ethics section on topic of Insider Information and the Company’s securities acquisition as follows :-

2.1 Inside Information

- The Board of Directors, sub-committees, executives and employees at all levels should protect and prevent inside information and confidential documents from outsiders for own personal interests or any other person’s gains.
- They must not reveal confidential information of the Company such as information about the partners of contract to other people without due consent of the Company and the partners of contract.
- Division chiefs at all levels are held directly responsible for controlling and preventing inside information and important messages of the Company from leakage to outsiders prior to due consent and official announcement. Any violations will be subject to the disciplinary measures and regulations of the Company

2.2 Securities Acquisition and Disposal

- The Board of Directors and Management is held responsible for reporting the securities holding to the Securities and Exchange Commission according to the Article 59 of the Securities and Exchange Act B.E. 2535, and submitting reports to the Board of Directors every time they sell, buy or transfer securities. A change of amount of share holding of the Board of Directors and executives in 2009 appears on the “Management and Shareholder Structure” topic.
- The Board of Directors has also to take responsibilities to deliver circular letters to directors and management to inform them that directors and executives who are accessible to key inside information including the Company’s financial statement which may affect changes to securities’ prices should steer clear of or refrain from buying and selling the Company’s securities during the period when such information is being disclosed.
- Employees at all levels and their families are prohibited from trading shares or inviting others to buy, sell, and offer to sell or buy the Company’s shares either by themselves or through agents or brokers while they still control information yet undisclosed to the public.

Nonetheless, the Company has yet to impose penalties in case there is infringement over the irregular use of internal information. Violators will be subject to disciplinary penalty and/or legal action as appropriate.

3. Interrelated Transactions

The Company and subsidiaries have strictly adhered to the policy that treats the interrelated transactions as normal business and trade practices in order to produce the greatest benefit to the Company. The Audit Committee or the Company's auditors will consider and examine the appropriateness of prices and the rationality of transactions, while the Board of Directors must handle the transactions in compliance with the Securities and Exchange Act, regimes, notifications, orders, or regulations of the Stock Exchange of Thailand as well as the principles about the information disclosure of interrelated transactions, acquisitions or disposal of important assets of the Company as stated by the accounting standards prescribed by the Accounting and Auditor Association of Thailand (AAAT).

For transactions commissioned according to Article 89/12 of the Securities and Exchange Act (Version 4) B.E. 2551 between the Company or subsidiaries and directors, management, or related parties. The Company's Board of Directors has resolutions to approve the principles that allow management to approve such transactions only when those transactions are conducted in the same manner with the way general scholars should do in general contracts in similar circumstance. Trade bargaining should be free from any influences in capacity of directors, management or related parties. Transactions with size in excess of over 1% of total revenues at the latest accounting period should report to the meeting of the Board of Directors as required by the Company's Board of Directors themselves.

4. Conflict of Interest

The Board of Directors has eliminated transactions which might produce a conflict of interest by strictly abiding by the "the Code of Conduct and Accountabilities of Management and Employees of the Company." The Company has concentrated on controls to prevent adverse impact on the shareholders and curb the conflict of interest. The Company has also cautiously handled any transactions which might cause a conflict of interest by prescribing policy and approval approach on interrelated transactions including complete information disclosure and policy and approach to prevent the management and related parties from abusing the Company's inside information for their personal gains as follows :-

- In case there were transactions which may cause a conflict of interest, the interconnected and interrelated transactions will be sent to the Audit Committee to re-examine and provide opinions according to the criteria of the Stock Exchange of Thailand and the Securities and Exchange Commission before being submitted to the Board of Directors for approval.
- The Company has specified that any transactions that the Company's Directors, management or related parties who have the vested interest in the transactions with the Company have to declare their vested interest in that issue for consideration and related Directors and executives will be banned from attending the meeting particularly during the consideration period.
- They have to disclose information about transactions which may cause the contradiction of interest or interconnected transactions or interrelated items in compliance with the said criteria.
- The Company requires the disclosure of business-related information or enterprises in which Directors and high-ranking management share interests every three months. Information available would be used to control and supervise the transactions which may cause the contradiction of interest and checklist base in the disclosure of business information and related businesses on the notes to financial statement.

Table 1 : Attendance of the meeting of the Board of Directors

| Name of Directors | | Attendance / Meeting | | | | | |
|--------------------------|--------------------|--------------------------------|--------------------------------|----------------------------|---|------------------------------|---------------------------------|
| | | Board of Directors 25 times | Executive Directors 9 times | Audit Committee 4 times | Selection and Remuneration Committee 1 times | Finance Committee 4 times | Core Value Committee 3 times |
| 1. Mr. Prida | Tiasuwan | 25/25 | | | | | |
| 2. Mrs. Prapee | Sorakraikitikul | 25/25 | 9/9 | | 1/1 | 4/4 | |
| 3. Mrs. Sunanta | Tiasuwan | 25/25 | 9/9 | | 1/1 | 4/4 | |
| 4. Mrs. Pranee | Khunprasert | 25/25 | 7/9 | | 1/1 | 4/4 | |
| 5. Mr. Pramote | Tiasuwan | 25/25 | 8/9 | | 1/1 | 4/4 | |
| 6. Mrs. Panidda | Tiasuwan | 25/25 | 4/4 | | 1/1 | | 3/3 |
| 7. Lt.Jg.Anan | Panananda R.T.N. | 25/25 | | 4/4 | 1/1 | | |
| 8. Mr. Verachai | Tantikul | 25/25 | | 4/4 | | | |
| 9. Mrs. Sarita | Bunnag | 25/25 | | 4/4 | | | |
| 10. Ms. Pittaya | Tiasuwan | | 9/9 | | | 4/4 | |
| 11. Mr. Decha | Nuntanajaroenkul | | 9/9 | | | 4/4 | |
| 12. Mr. Chainarong | Jitmetta | | 9/9 | | | | |
| 13. Mr. Lenonard Charles | Biggs | | | | | 0/4 | |
| 14. Mr. Chanat | Sorakraikitikul | | | | | 4/4 | |
| 15. Mr. Dusit | Chongsutthanamanée | | | | | 4/4 | |
| 16. Mr. Somsak | Srirueangmon | | | | | | 3/3 |
| 17. Mr. Chartchai | Teekaveerakit | | | | | | 3/3 |
| 18. Ms. Rungnapa | Ngowngamratana | | | | | | 1/3 |
| 19. Mrs. natthaporn | Jarukornvasin | | | | | | 3/3 |
| 20. Mrs. Sasisopa | Wattakeechoen | | | | | | 3/3 |
| 21. Ms. Suporn | Rungpitayatorn | | | | | | 3/3 |

Note :

- 1) Seven executive directors are those in No.2-5 and 10 - 12.
- 2) Three Audit Committee members are those in No.7 to No. 9.
- 3) Six Selection and remuneration Committee members are those in No. 2 - 7.
- 4) Nine finance directors are those in No.2 to No. 6 and No.10 to No. 11 and No. 13 to No. 15. No. 13 had not attended the meeting because of foreign visit
- 5) Seven core value committees are those in No. 6 and No. 16 - 21
- 6) Number shown in table means the number of attendances at the meeting and amount of time the directors attend the meeting while they are in office.

Table 2 : Training program of directors

| Name of Director | | Program | | | | | | |
|------------------|------------------|------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|----------------------|--|--|
| | | Director Certificate Program (DCP) | Director Accreditation Program (DAP) | Audit Committee Program (ACP) | Finance for Non-Finance Program (FN) | DCP Refresher Course | Monitoring the Quality Of Financial Report (MFR) | Monitoring the Internal Audit Function (MIA) |
| 1. Mr. Prida | Tiasuwan | | Class 37/2005 | | | | | |
| 2. Mrs. Prapee | Sorakraikitikul | Class 17/2002 | | | | | | |
| 3. Mrs. Sunanta | Tiasuwan | Class 22/2002 | | | | | | |
| 4. Mrs. Pranee | Khunprasert | | Class 26/2004 | | | | | |
| 5. Mr. Pramote | Tiasuwan | Class 46/2004 | Class 16/2004 | | Class 12/2004 | | | |
| 6. Mrs. Panidda | Tiasuwan | | Class 25/2004 | | | | | |
| 7. Lt.Jg.Anan | Panananda R.T.N. | | Class 23/2004 | | | | | |
| 8. Mr. Verachai | Tantikul | Class 37/2003 | | | | | | |
| 9. Mrs. Sarita | Bunnag | Class 22/2002 | | Class 1/2004 | | Class 1/2005 | Class 5/2007 | Class 2/2008 |

S Shareholder and Management Structure

Shareholder

| Shareholder | Number of shares | % Total Shares |
|----------------------|--------------------|----------------|
| Top 10 shareholders | 240,821,385 | 60.48 |
| General shareholders | 157,337,087 | 39.52 |
| Total share | 398,158,472 | 100.00 |

share allotment by nationality

| Shareholders by nationality | Number of shareholders | Number of shares | % Total Shares |
|-----------------------------|------------------------|--------------------|----------------|
| Thai Shareholder | 2,162 | 307,148,315 | 77.14 |
| Foreign Shareholder | 70 | 91,010,157 | 22.86 |
| Total | 2,232 | 398,158,472 | 100.00 |

* Pranda Jewelry Plc's regulation stipulates that "non-Thai shareholders are not allowed to hold the Company's stake in excess of 45% of total issued shares."

Name of top ten shareholders as at closing book dated

As at the closing book dated December 30, 2009

| Name of Shareholder | As at December 30, 2009 | |
|--|-------------------------|----------------|
| | No. of Shares | % Total Shares |
| 1. Thai NVDR Co., Ltd. | 86,396,225 | 21.70 |
| 2. RBC DEXIA INVESTOR SERVICES BANK S.A. | 24,587,900 | 6.18 |
| 3. Mr. Prida Tiasuwan | 23,936,420 | 6.01 |
| 4. Ms. Pittaya Tiasuwan | 17,526,560 | 4.40 |
| 5. Mrs. Panidda Tiasuwan | 16,233,960 | 4.08 |
| 6. MELLON BANK, N.A. | 15,628,000 | 3.93 |
| 7. Pranda Holding Co., Ltd. | 14,642,900 | 3.68 |
| 8. Mrs. Pranee Khunprasert | 14,316,860 | 3.60 |
| 9. Mrs. Prapee Sorakraikitikul | 14,025,560 | 3.52 |
| 10. NORBAX INC.,4 | 13,500,000 | 3.39 |

Source : Thailand Securities Depository Co., Ltd.

Note : Updated information of the Company's present shareholders is made available at Company's website at www.pranda.co.th which is normally uploaded ahead of the annual ordinary meeting of the shareholders.

- Group of major shareholders who has significant impact on the formulation of management policies
- None -
- Name of shareholders who conceal their true identity

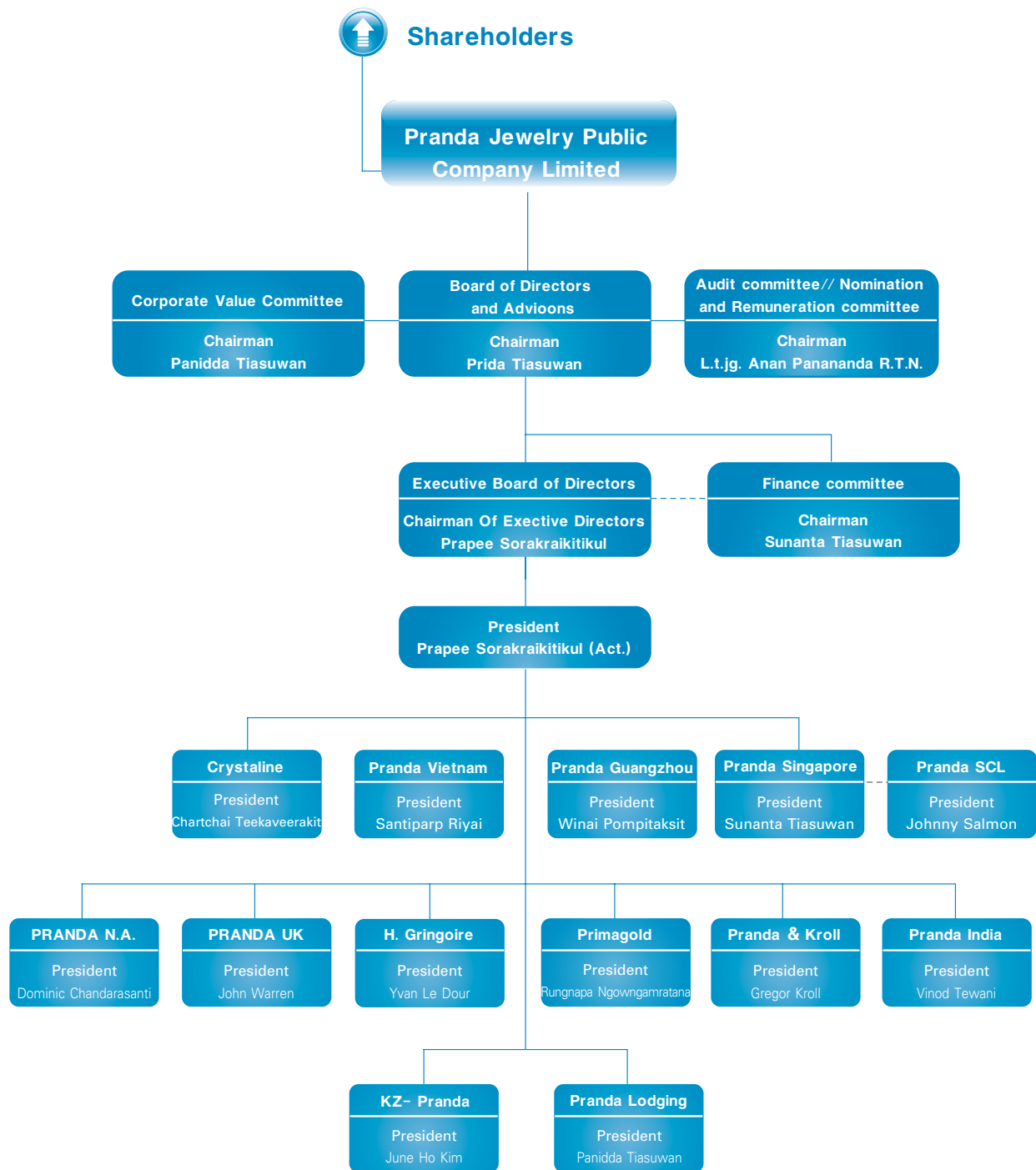
Shareholders of PRANDA's ordinary shares held through Thai NVDR Co., Ltd.

| Shareholder | As at September 16, 2009 | |
|---|--------------------------|-------------------|
| | Number of shares | % of total Shares |
| 1. RBC DEXIA INVESTOR SERVICES TRUST | 33,236,600 | 8.35 |
| 2. MELLON BANK, N.A. | 22,900,000 | 5.75 |
| 3. SOMERS (U.K.) LIMITED | 14,936,900 | 3.75 |
| 4. RAFFLES NOMINEES (PTE) LIMITED | 14,278,725 | 3.59 |
| 5. PICTET & CIE | 4,200,000 | 1.05 |
| 6. MR. RUDOLF STRITT | 1,031,500 | 0.26 |
| 7. USB AG SINGAPORE , BRANCH-PB SECURITIES CILENT CUSTODY | 1,013,300 | 0.25 |
| 8. MR. JAMES JACKSON CLARK | 500,000 | 0.13 |
| Total | 92,097,025 | 23.13 |

Note: According to information from www.set.or.th

Organization Chart of Pranda Jewelry Public Company Limited

(As at December 31, 2009)



The Company's Management Structure

Management structure comprises the Board of Directors and sub-committees including Executive Directors, Audit Committee, Selection and Remuneration Committee and Finance Committee and the Core Value Promotion Committee whose scope of responsibilities and functions could be summarized as follows :-

The Board of Directors

The Company's Board of Directors as at December 31, 2008 is composed of nine directors including Independent Directors, management directors, non-management directors who are knowledgeable, competent and experienced in finance, management and others which are deemed useful to the Company. Qualifications of the directors are fully compliant with the good corporate governance which calls for independent directors representing at least one-third of the total Board of Directors whose details are as follows:

| No. | Name of Directors | Position | Date of office ¹ |
|-----|-----------------------------|----------------------|-----------------------------|
| 1 | Mr. Prida Tiasuwan | Chairman | 3 April, 2007 |
| 2 | Mrs. Prapee Sorakraikitikul | Director | 3 April, 2007 |
| 3 | Mrs. Sunanta Tiasuwan | Director | 18 April 2008 |
| 4 | Mrs. Pranee Khunprasert | Director | 18 April 2008 |
| 5 | Mr. Pramote Tiasuwan | Director | 23 April 2009 ² |
| 6 | Mrs. Panidda Tiasuwan | Director | 18 April 2008 |
| 7 | Lt.Jg.Anan Panananda R.T.N. | Independent Director | 23 April 2009 ² |
| 8 | Mr. Verachai Tantikul | Independent Director | 23 April 2009 ² |
| 9 | Mrs. Sarita Bunnag | Independent Director | 3 October 2006 |

¹ Date in office is the term for holding office by the whole panel of directors according to the term stipulated in the Company's regulations.

² The 2008 annual shareholders' meeting held on April 23, 2009 had resolutions to re-appoint the following directors including, Mrs. Lt.Jg. Anan Panananda R.T.N, Mr. Verachai Tantikul, and Pramote Tiasuwan

Name of the advisor to the Company's Board of Directors. Ms. Pittaya Tiasuwan

Authorized Signatories

Authorized signatories of the Company include Mrs. Sunanta Tiasuwan, or Mrs. Prapee Sorakraikitikul, or Mrs. Panidda Tiasuwan who will sign together with Mr. Pramote Tiasuwan or Mrs. Pranee Khunprasert in total of two directors stamped with the Company's key seals.

Components of the Company's Board of Directors

1. Directors of the Company are not mandatory to be the Company's shareholders.
2. The Company's Board of Directors should comprise members of not fewer than five but not over than 20 persons. At least a half of the Board members are required to be Thai residents.
3. The Company's Board of Directors should include Independent Directors in a number of at least one/ third of the total but not fewer than three persons.
4. The Company's Board of Directors comprises audit committee of not fewer than three.
5. The Company's Board Chairman should not be the same person with the company's president.
6. Appointment of the Company's directors should comply with the Company's regulations and relevant regimes as well as transparency and clarity whereby the selection process must be handled by the selection and remuneration sub-committee. Consideration should be taken into account primarily the candidate's education background and professional experiences enclosed with proper details and qualifications in order to supplement decision of the Company's Board of Directors and shareholders.
7. Directors whose terms expire by rotation according to the Company's regulations can be also re-appointed.

Qualifications of the Company's Board of Directors

1. The Board of Directors must be knowledgeable, competent, experienced, honest, moral and righteous and have enough time to dedicate their knowledge, competence and perform for the best benefits to the Company.
2. They should have qualifications and characteristics which are not prohibited by the Public Company Law. They must also not have any characteristics which exhibit deprivation of appropriate qualifications which deserve trust in managing the company which is owned by the public shareholders as declared in the regulations of the Securities and Exchange Commission (SEC).
3. Directors are not allowed to form partnership in any enterprises or become directors in other juristic persons which operate the same businesses or whose business compete with the Company both for the benefits of their own and others exempt informing the meeting of the shareholders prior to appointment resolutions.
4. Independent directors must hold appropriate qualifications required by the Securities and Exchange Commission.

Independent directors must have qualifications as follows:

- (A) They must not hold over than 1% of total voting shares of the Company, subsidiaries, and joint venture firms, major shareholders or persons who have dominant authority of the Company. This also includes shareholding of persons who have close connections with those independent directors.
- (B) They should not be or used to be Directors who had a part in management; employees, staff, advisors which received fixed monthly salary; or those who held dominant authority over the company, the parent company, subsidiaries and associated firm, major shareholders or persons who have dominant authority of the Company except that they were free from those attributes for not fewer than two years before the date being submitted to the Securities and Exchange Commission for approval. However, this limitation does not include independent directors who used to be government officers or advisors to the government, and who are major shareholders or persons having dominant authority of the Company.
- (C) They should not come from the same bloodline or legitimate relationship with persons in the manner of father, mother, spouse, brother or sons/ daughters as well as consort of sons/daughters of executives, major shareholders, persons with dominant authority or those who are proposed to become executives or those who have dominant authority of the Company or subsidiaries.
- (D) They should not have or used to have business relationship with companies, parent company, subsidiaries, affiliated companies, major shareholders or persons who have dominant authority of the Company in the manner that may obstruct their freedom in judgment. They should not also be or used to be significant shareholders or persons having control over other persons who have business relationship with companies, parent company, subsidiaries, joint venture firms, major shareholders or persons who have dominant authority of the Company except that they were free from such attributes for not fewer than two years before the date being submitted for the Securities and Exchange Commission's approval. Business relationship shall include normal business transactions of property leasing, transactions relating to products or services, or providing and receiving financial aid by the means of lending, guarantee, collateral and others which are similar to the aforesaid means which make the Company or its parties have financial obligations to the other at least for the amount of the lower of 3% of net tangible assets of the Company and 20 million baht. The amount of the financial obligations can be calculated according to calculation method of connected transactions under the Notifications of the Capital Market Supervisory Board relating to the connected transactions; however, it shall include the amount of financial obligations of the parties which incurred one year earlier before having such business relationship.
- (E) They should not be or used to be the auditors of company, parent companies, and subsidiaries, joint venture firms, major shareholders or persons who have dominant authority of the Company, and they shall not be significant shareholders, persons having control over or partners of audit company where auditors of companies, parent company, subsidiaries, affiliated firms or juristic persons which may have the conflict of interest belong to, except they were removed from such characteristics for not fewer than two years prior to the date being submitted to the office's approval.
- (F) They should not be or used to be providers of any occupations or careers or the providers of legal and financial advisory services who receive service charges of more than two million baht per year from companies, parent company, subsidiaries, affiliated firms, major shareholders or persons who have dominant authority of the Company, and they shall not be significant shareholders, persons having control over or partnership of the profession providers except the case that they were removed from such characteristics for not fewer than two years prior to the date being forwarded for approval from the office.
- (G) They should not be Directors who are appointed to represent Directors of the company, major shareholders or shareholders who are closely connected to the major shareholders of the Company.
- (H) They shall not They shall not conduct the same category of business and compete with the Company or subsidiaries of the Company, and they shall not be significant partners of partnership, executive directors, employees, staffs or advisors who received fixed monthly salary, or hold over 1% of the entire voting shares of other companies which conduct the same category of business and compete with the Company and subsidiaries of the Company.

- (l) They should not possess any other attributes which make them unable to express independent comments in respect of the company's operations.

Once Independent Directors have been appointed according to characteristics or qualities as stated in Section (A) to (l), they may be authorized by the Board of Directors to make decision on the operations of the company, parent company, subsidiaries, affiliated firms, major shareholders or persons who have dominant authority of the Company. Their ruling could be made in manner of collective decision.

Scope of Responsibilities of the Board of Directors

1. The Company's Board of Directors is required to perform their duties with responsibility, caution, honesty and integrity and to ensure the compliance with relevant laws, objectives, the Company's regulations and resolutions of the shareholder's meeting.
2. To determine the Company's vision, mission, strategy and policy and supervise the Company's operations
3. To nominate the Executive Directors or/and assign one or many Directors or others to take responsibilities on the Board of Director's behalf. Nonetheless, the nominees must not be empowered to have authority to approve transactions with persons or other persons who may have a conflict of interest ("persons in the conflict of interest" are defined in the notifications of the Securities and Exchange Commission), vested interest or a contradiction of interest in other aspects with the Company or subsidiaries. However, this is except the issues with respect to laws and regulations of the Company including transactions executed according to criteria and regulations of the Office of the Securities and Exchange Commission which require that such transactions must go through prior approval of the shareholder's meeting. Transactions which are suspected to have Directors or persons who may have a conflict of interest or may have the contradiction of interest in other manners with the Company and subsidiaries involved must require Directors who have the conflict of interest are not entitled to cast votes on those issues
4. To determine and amend authorized directors or signatories and impose conditions deemed appropriate to protect the Company's interests without breaking the laws.
5. To appoint the company's advisors
6. To endorse the appointment of high-ranking executives
7. To consider and monitor the performance of operations as follows:
 - 7.1 To monitor the progress of the group's strategy implementation and action plans which may affect the achievement of the group's strategy or bring about significant changed to the Group's strategies
 - 7.2 To monitor the operation in comparison to the goal or execute the projection at least once a quarter. In case the performance fails to achieve the target as projected, discussions are needed to be held to correct it. The target should cover all aspects both in a short term and a longer term including the performance index and comparison with other competitors.
8. Human resource management :-
 - 8.1 To cooperate with management division to consider and endorse the Company's vision and strategies relating to human resources and human resource development
 - 8.2 To cooperate with the management division to approve remuneration strategies of the Group, consider and approve other remuneration plans based on the operating performance to create incentive to the employment and retain highly qualified and potential personnel
 - 8.3 To supervise the transparency, appropriateness and usefulness of the criteria, approaches and processes of the organization in selecting, removing or dismissing the Board of director, executive directors and high-ranking executives to ensure that the Company possesses the Board of Directors who are fully qualified, knowledgeable, properly competent and experienced in executing the Group's operations to achieve maximum efficiency and achievement
 - 8.4 To ensure effective procedures of the Group in appraising the performance of high-ranking executives through comparison with the quarterly and yearly target which has been jointly agreed upon
9. To supervise the completeness on issues as follows :-
 - 9.1 To verify and endorse vision, mission, strategies, policies, target, business plans and budget, as well as ensure the good communication to employees of the Company at all levels
 - 9.2 To report annual financial responsibility to ensure confidence of shareholders that they have been provided accurate and correct financial report
 - 9.3 To monitor the performance of the Group all the time to build up confidence that the Directors and management division could perform according to laws and the said policies
 - 9.4 To supervise the internal audit process in the key control role
 - 9.5 To closely supervise the risk management
 - 9.6 To ensure transparency of management process and clarity of interconnected transactions between associated enterprises as well as ensure the report to the Board of Directors on a regular basis
 - 9.7 To ensure efficiency in control system, provide accurate, complete and credible information, comply with the policies, regulations, laws and other governing regulations, protect assets, and ensure the best use of the Company's resources.

- 9.8 To provide counterbalance of the management and/or the major shareholders as deemed appropriate through weighing up the proportion or number of independent directors in the Board of Directors
- 9.9 To ensure the adequacy of information delivery process to the Board of Directors so that they could fully and perfectly perform their duties and responsibilities as assigned
- 9.10 To ensure the completeness of documents for the meeting and disseminate them prior to the meeting date; to provide the completeness of the minutes, and make sure that the minutes would not be subject to any changes or amendments after they were already endorsed
- 9.11 To monitor problems and the contradiction of interest that may arise
- 9.12 To ensure that the Company has appropriate and efficient communication system to all stakeholders of the Company and the public as well as monitor the performance of such system.
- 9.13 To protect and promote the Company's reputation.
10. To set and determine scope of responsibilities of the sub-committees as follows :-
 - 10.1 To appoint the sub-committees as deemed appropriate and necessary so as to support the performance of the Board of Directors, including the executive directors, the audit committee, the selection and remuneration committee and the finance and core value committee
 - 10.2 To consider and approve the roles and responsibilities of the sub-committees as well as any change of their components including significant changes which may affect operations of the sub-committees appointed
11. To evaluate the performance of the Board of Directors as follows:
 - 11.1 To determine criteria and approaches in appraising the performance of the Board of Directors and evaluate their effectiveness on a regular basis.
 - 11.2 The committee is required to appraise their own performance every year as well as announce their performance on the Company's corporate governance in annual report
12. To authorize the Board chairman to supervise the operations to ensure its compliance with the above-mentioned role and responsibility in an efficient and effective manner
13. To arrange the Company Secretary to help handle various activities pertaining to the meetings of the Board of Directors and shareholders, and provide advice to Directors and the company in complying with the laws and relevant regulations on a regular basis. The Company Secretary is also held responsible for supervising the directors and the company in disclosing information in the accurate, complete and transparent manner, and promoting the good corporate governance to conform to the best practices of the good corporate governance

Appointment of the Directors and Terms for their Holding Office

1. At every annual ordinary meeting of shareholders, one-third of the Board of Directors is required to resign. If such requirement could not be met, at least one-third of the Directors should be removed. Directors who have to be removed from his tenure in the first year and the second year after the Company's registration are required to draw lots to find who would be subject to removal. In the subsequent years, Directors who hold office for the longest period are to be removed. Removed directors could be re-appointed in the following years.

2. Apart from being removed or retired by rotation, the Directors could be out of office as follows:-

- ☐ Die
- ☐ Resign
- ☐ Lack qualifications or attributes which are against the public Company law
- ☐ By resolutions of the shareholders' meeting with votes of not less than three-fourth of the shareholders who attend the meeting or have voting rights, and own combined shares of not less than a half of the shares held by the shareholders who attend the meeting and have voting rights.
- ☐ The court's sanctions.

3. Any directors who want to resign from their positions must submit a resignation letter to the Company. Resignation will take effect from the date the resignation is submitted to the Board of Directors according to Section 1. However, the resignation is also taken valid if he/she personally informs the registrar.

4. In case any Director positions are left vacant because of other factors than resignation or removal by rotation, existing Directors are required to choose any persons who fully meet qualifications according to the public company law to replace the outgoing directors at the following meeting of the Board of Directors except that the term of directors is less than two months left. Persons who replace the outgoing directors will stay in the office equivalent to the remaining term of the directors he/she replaces.

5. The shareholders meeting may pass the resolutions to remove any directors from their positions they hold prior to the expiry of their term, but that could be done with votes of not less three-fourth of the total shareholders who attend the meeting and have voting rights and own total combined shares of not less than a half of shares held by the shareholders attending the meeting and having voting rights at the meeting.
6. The directors excluding independent directors must retire at 72 years of age.

Executive Directors

The executive directors are composed of seven members; four of them are the members of the Company's Board of Directors, and the remaining three chosen from persons who are knowledgeable and specialized in the industry. Name of the Board of Directors is as follows :-

| | | |
|-------------------|------------------|--|
| 1. Mrs. Prapee | Sorakraikitikul | Chairman of the executive directors and acting President |
| 2. Mrs. Sunanta | Tiasuwan | Chairman of Corporate Finance |
| 3. Mr. Pramote | Tiasuwan | Senior Vice President |
| 4. Mrs. Pranee | Khunprasert | Senior Vice President |
| 5. Ms. Pittaya | Tiasuwan | Vice President - Stones Management |
| 6. Mr. Decha | Nuntanajaroenkul | Vice President - Marketing and Sales |
| 7. Mr. Chainarong | Jitmetta | Vice President |

Scope of Responsibilities of the Executive Board of Directors

1. To consider and determine the Company's goal and business strategy, to supervise the Company's operation to ensure the compliance with the Company's vision, mission, strategy, and policies of the Board of Directors, laws, conditions, rules and regulations of the Company.
2. To outline the guideline for the Company's business operation, development and expansion to ensure the compliance with vision, mission, strategy, policies and resolutions of the Company's Board of Directors.
3. To appoint the Company's executives of all positions to perform their duties except the appointment of high-ranking executives who need prior approval of the Company's Board of Directors and to delegate power to any persons to perform duties and responsibilities on their behalf as appropriate.
4. To determine working procedures of the Company's employees without violating or running against the regulations and related laws
5. To consider and approve the position structure and salary structure as well as other fringe benefits of the Company's employees and endorse the management structure from the division level onwards
6. To consider and screen the Company's quarterly and yearly performance and budget as well as asset management prior to being submitted to the Company's Board of Directors for consideration
7. To consider and approve the annual budgeting plan and supervise and monitor, as well as appraise the performance to ensure the compliance with policy, target, and budgeting plan as approved and consider and approve bonuses and other rewards to the employees and other benefits to boost the morale of the Company's employees
8. To ensure the appropriateness and effectiveness of the Company's internal control system through cooperation with the Audit Committee.
9. To empower the Chairman of the Board of Directors to supervise and ensure the efficient compliance with duties and responsibilities as mentioned above.
10. To consider and approve the principles pertaining to trade agreements which carry general trade conditions, to approve transactions worth of not more than 1% of the Company's total revenues as at the final accounting period.

Audit Committee

The Board of Directors has acknowledged the importance of the good corporate governance and thus considered and appointed the Audit Committee since January 29, 1999 as a key instrument of the Board of Directors in supervising and controlling the Company's administration to ensure it meets widely accepted standards of accuracy, transparency, effective internal control system, as well as creditable and useful reporting systems both to investors and related parties. The Audit Committee's nomination is fully compliant with criteria and requirements of the Stock Exchange of Thailand. They would be allowed to independently perform their duties and to report directly to the Board of Directors. Their components and qualifications should comply with requirements of the Securities and Exchange Commission, while scope of their duties and responsibilities has been determined in compliance with the requirements of the Stock Exchange of Thailand and stated clearly as the Company's charter under which the company's internal auditors will be held responsible for re-examining the adequacy of the Company's internal audit and internal control system and submit their results directly to the Audit Committee.

The present Audit Committee is composed of three members; all of them are the Independent Directors. Their term of office is set once a year. The Company's Board of Directors would appoint the Audit Committee and assign the internal audit department's manager to act as the Audit Committee's secretary. Name of the Audit Committee is as follows :-

| | | |
|-----------------|------------------|----------------------|
| 1. Lt.Jg.Anan | Panananda R.T.N. | Chairman |
| 2. Mr. Verachai | Tantikul | Independent Director |
| 3. Mrs. Sarita | Bunnag | Independent Director |

Note: The third director is an accounting and financial expert

Qualifications

1. They are appointed by the Board of Directors or shareholders
2. A whole committee must be independent directors and their qualifications must comply with criteria as notified by the Securities and Exchange Commission. They are not directors
 - 2.1 who are assigned or authorized from the Board of Directors to make decision in operations of the company, parent company, subsidiaries, joint venture firms, or juristic persons, who may have the conflict of interest,
 - 2.2 who are not directors of the parent company, subsidiaries, and affiliated firms especially for the listed ones.
3. They must have adequate knowledge and experience to perform duty as the Audit Committee which is required to have at least one director who has enough knowledge, understanding or experience to audit the creditability of the company's financial statements.

Scope of Responsibilities of the Audit Committee

1. To ensure the accuracy and adequacy of the Company's financial report
2. To ensure the appropriateness and the effectiveness of the Company's internal audit and internal control system, and to consider the freedom of the internal audit unit as well as provide comments on the appointments, transfers, and removal of the chief of internal audit unit or other units which are in charge of internal audit.
3. To ensure the Company's compliance with the laws on securities and the Stock Exchange, regulations of the Stock Exchange and/or laws relevant to the Company's businesses.
4. To consider, nominate, propose the appointments of independent persons to act as the company's auditor and to propose remuneration of such persons. They are also allowed to call a meeting with auditors without having management members attending for at least once a year.
5. To consider interrelated transactions and items which may cause the contradiction of interest to make it compliant with laws and regulations of the Stock Exchange of Thailand to ensure that such transactions are reasonable and generates the greatest benefits to the company.
6. To prepare report on the Audit Committee and disclose it in the Company's annual report. Such report must be signed by Chairman of the Audit Committee and feature information as follows :-
 - A. Opinions on the accuracy, completeness and creditability of the company's financial reports.
 - B. Opinions about the adequacy of the company's internal control system
 - C. Opinions on legal practices pertaining to the securities and exchange law, regulations of the Stock Exchange of Thailand and laws relating to the Company's businesses
 - D. Opinions about the propriety of the auditors.
 - E. Opinions on transactions which may have the conflict of interest
 - F. The number of meeting of the Audit Committee and attendance of each member of the Audit Committee
 - G. Opinions or remarks the Audit Committee obtains from the compliance with the charter
 - H. Other items the shareholders and the public deserve to know and be informed under the scope of duties and responsibilities assigned by the Board of Directors
7. Other duties assigned by the company's Board of Directors and the endorsed by the Audit Committee

Selection and Remuneration Committee

The Company's Board of Directors has approved the appointment of the selection and remuneration committee since May 12, 2004. The selection and remuneration committee is composed of six members, one of whom is the independent director and would act as the Chairman.

Name of the selection and remuneration committee :-

| | | |
|-----------------|-----------------|----------|
| 1. Lt.Jg.Anan | Panananda R.T.N | Chairman |
| 2. Mrs. Prapee | Sorakraikitikul | Director |
| 3. Mrs. Sunanta | Tiasuwan | Director |
| 4. Mr. Pramote | Tiasuwan | Director |
| 5. Mrs. Pranee | Khunprasert | Director |
| 6. Mrs. Panidda | Tiasuwan | Director |

Name of advisors to the Selection and Remuneration Committee

| | | |
|----------------|----------|---------|
| 1. Mr. Prida | Tiasuwan | Advisor |
| 2. Ms. Pittaya | Tiasuwan | Advisor |

Scope of responsibilities of the Selection and Remuneration Committee

1. To propose criteria and guidelines in selecting the Company's Board of Directors, executive directors, finance directors, core value promotion directors, independent directors and high-ranking executives and propose criteria and guideline for their remunerations and compensations.
2. To nominate, select and propose quality and qualified persons as the Company's high-ranking executives to the Board of Directors for approval of appointment and compensation payment
3. To propose criteria, methods and steps of performance evaluation for high-ranking executives to the Board of Directors.
4. To evaluate the performance of the Company's Board of Directors, executive directors, finance directors, core value directors and high-ranking executives as assigned by the Board of Directors.
5. To consider and improve the Company's policy and compensation management procedures to ensure its compliance with the labor market during that period
6. To empower the chairman of the selection and remuneration committee to pursue operations to ensure the compliance with abovementioned roles and responsibilities in an efficient and effective manner

Finance Committee

The Company's Board of Directors has approved the appointment of the Finance Committee on May 12, 2004, and on the resolutions of the Company's Board of Directors on December 9, 2008, the nine members of the Finance Committee are as follows :-

| | | |
|-----------------|--------------------|----------|
| 1. Mrs. Sunanta | Tiasuwan | Chairman |
| 2. Mrs. Prapee | Sorakraikitikul | Director |
| 3. Mr. Pramote | Tiasuwan | Director |
| 4. Mrs. Pranee | Khunprasert | Director |
| 5. Ms. Pittaya | Tiasuwan | Director |
| 6. Mr. Lenonard | Charles Biggs | Director |
| 7. Mr. Decha | Nuntanajoenkul | Director |
| 8. Mr. Chanat | Sorakraikitikul | Director |
| 9. Mr. Dusit | Chongsutthanamanee | Director |

Advisor of the finance committee is 1 Mr. Prida Tiasuwan

Scope of Responsibilities of the Finance Committee

1. In pursuit of funding according to resolutions of the meeting of the Board of Directors to be used as the working capital of the Group.
2. To analyze the potential investment projects, risk and benefits and anticipated gains to be submitted to the Company's Board of Directors for approval.
3. To control, supervise and analyze performance of the subsidiaries and potential investment projects for the Board of Director's consideration and improvement.
4. To perform duties and responsibilities in compliance with the laws, rules and regulations as well as policies of the Stock Exchange of Thailand.
5. To authorize the Finance and Risk Management Committee chairman to supervise and ensure the compliance with those responsibilities and duties in a manner of maximum efficiency and effectiveness.

Core Value Promotion Committee

The 4/2009 meeting of the Board of Directors held on March 9, 2009 has resolved to appoint the Core Value Committee whose key components include one chairman and six directors with an aim to promote and support the core value creation within the group. To achieve this effort, it needs to promote the sense of participation of employees throughout the entire organization, standardize participatory activities, organize activities on a continuous basis, as well as apply activities and programs into real working practices and daily life according to the core values jointly adopted. Terms of the Core Value Promotion Committee are two years. The working committee whose terms expire may be re-appointed.

Name of the Core Value Promotion Committee is as follows :-

| | | |
|--------------------|-----------------|----------|
| 1. Mrs. Panidda | Tiasuwan | Chairman |
| 2. Mr. Somsak | Srirueangmon | Director |
| 3. Mr. Chartchai | Teekaveerakit | Director |
| 4. Ms. Rungrapa | Ngowngamratana | Director |
| 5. Mrs. Natthaporn | jarukornvasin | Director |
| 6. Mrs. Sasisopa | Wattakeecharoen | Director |
| 7. Ms. Suporn | Rungpitayatorn | Director |

Name of advisors to the Core Value Promotion Committee

| | |
|-------------------|---------------|
| 1. Mr. Prida | Tiasuwan |
| 2. Mr. Pramote | Tiasuwan |
| 3. Mr. Chainarong | Jitmetta |
| 4. Mrs. Somradee | Kittimethee |
| 5. Mr. Somchai | Jarukornvasin |

Scope of Authorities and Duties of the Core Value Promotion Committee

1. To integrate the organization's vision into actual practices under the core value development framework on the concrete and appropriate basis.
2. To promote and support the core value creation throughout the entire organization
3. To promote the systemization, administration, appraisal and development, activities or programs which respond to the core value on the systematic basis as well as support the application as appropriate.
4. To promote communication and collaboration within the organization as a way to develop the cooperation among employees to ensure all act in the same direction whereby promoting better understanding in the corporate policies and convincing them to share the same vision in the best attempt to achieve the company's goals.
5. To promote good working environments in order to stimulate learning among employees and their morale throughout the entire organization.

Executives

Name of executives¹ as at December 31, 2009 according to definition of the Securities and Exchange Commission (SEC) is as follows :-

| | | |
|-----------------|------------------|--------------------------------------|
| 1. Mrs. Prapee | Sorakraikitikul | President |
| 2. Mrs. Sunanta | Tiasuwan | Chairman of Corporate Finance |
| 3. Mrs. Pranee | Khunprasert | Senior Vice President |
| 4. Mr. Pramote | Tiasuwan | Senior Vice President |
| 5. Ms. Pittaya | Tiasuwan | Vice President - Stones Management |
| 6. Mr. Decha | Nuntanajaroenkul | Vice President - Marketing and Sales |
| 7. Mr. Thanes | Panjakrid | Accounting and Finance Manager |

Note: Executives¹ mean directors, managers or those who hold the first four positions lower than the managers (who hold the highest position of the Company), those who hold the position equivalent to the four executives including those who hold management positions in accounting or finance division from division managers or equivalent onwards.

Selection Process of Directors and Executives

1. **Selection of Directors.** The Selection and Remuneration Committee will take charge of considering and selecting quality and qualified persons for the Board of Directors to propose to the shareholder's meeting for approval in appointing the Company's independent directors.
2. **Selection of independent directors.** The selection of independent directors is required to comply with components of the Directors and qualifications of independent directors as determined by the Company and the regulations stated in the notifications of the Securities and Exchange Commission before proposing to the meeting of the Company's Board of Directors and/in the meeting of the shareholders to consider appointing the independent directors.
3. **Selection of high-ranking executives¹** The Selection and Remuneration Committee will take responsibility for considering and selecting appropriate quality and qualified candidates based on their personal ability in its best bid to strengthen and increase business efficiency of the company and business competitiveness to the company in order to propose to the meeting of the Board of Directors for approval of appointment on the consent of the Company's Board of Directors.

Note: High-ranking executives¹ include the Company's president, senior vice president, assistant president and other positions determined by the Company's Board of Directors.

The Company Secretary : Mr. Dusit Chongsutthanamee

The Company Secretary is the person appointed by the Company's Board of Directors to help handle various activities of the Board of Directors and the Company such as the meeting of the Board of Directors, the meeting of shareholders and other activities and provide advice to the Company's Board of Directors to comply with the laws and relevant regulations on the regular basis; ensure the disclosure of the accurate, complete, transparent information, and promote the company's governance to achieve the widely-accepted good corporate governance standards.

Components and qualifications

1. The secretary should have at least basic knowledge about laws and regulations of the supervisory bodies about the public company laws, and the securities and exchange laws.
2. The secretary should have thorough knowledge and understanding in the principles of the good corporate governance and the best practices in the corporate governance issues.
3. The secretary should have knowledge in the Company's business and ability in good communications.

Role and responsibilities of the Company Secretary

1. To prepare and gather important documents as follows :-
 - A) Directors registration
 - B) Invitation letters of the Company's Board of Directors, Minutes of the Board of Director's meeting and the Company's annual reports
 - C) Invitation letters of the shareholders' meeting and minutes of the shareholders' meeting.
2. To prepare and collect reports on financial interests as reported by the Company's Board of Directors and executives.
3. To carry out other activities as stated by the Capital Market Supervisory Board.
4. To provide preliminary advice and recommendations pertaining to legal, regulatory, and governance issues and practices related to the Board of Directors and monitor to ensure the compliance with the said rules and regulations on the accurate and regular basis as well as report changes which are deemed significant to the directors.
5. To provide advice to the Company's directors in preparing reports on the financial interests of the Company's directors and to submit report on the financial interest to the Company's Board Chairman and the Audit Committee chairman.
6. To prepare important reports/information and/or summarize the resolutions of the meeting of the Company's Board of Directors to report to the Stock Exchange of Thailand both in Thai and English version
7. To prepare the draft policies on various administrations such as the policy on the good corporate governance, etc.
8. To inform the resolutions and policies of the Company's Board of Directors and shareholders to related executives and closely monitor the implementations according to the said resolutions and policies.
9. To contact and cooperate with supervisory agencies such as the Stock Exchange of Thailand, the Securities and Exchange Commission Office and the Commerce Ministry.
10. To contact and communicate with the shareholders and take care of the shareholders deemed as appropriate about the rights of the shareholders and the Company's information.
11. To ensure the Company and the Board of Directors complies with the laws and regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand and relevant laws.
12. To manage the secretariat office to serve as the center for corporate records such as the juristic person register, the memorandum and articles of associations, the shareholder register and business licenses.
13. To take care of the Board of Directors' activities.

Remuneration of Directors and Management of the Company

1. Remuneration to executives. Remuneration in the form of cash between January 31, 2009 and December 31, 2009.

(A) Remuneration to directors

(Unit: Million Baht)

| Item | Name of directors | Salary / Bonus | Position's Allowance | Total |
|--------------|-----------------------------|----------------|----------------------|--------------|
| 1. | Mr. Prida Tiasuwan | 4.938 | | 4.938 |
| 2. | Lt.jg.Anan Panananda R.T.N. | | 0.814 | 0.814 |
| 3. | Mr. Verachai Tantikul | | 0.720 | 0.720 |
| 4. | Mrs. Sarita Bunnag | | 0.720 | 0.720 |
| 5. | Mrs. Panidda Tiasuwan | 2.011 | | 2.011 |
| Total | | 6.949 | 2.254 | 9.203 |

Note: 1) Four remaining directors are not entitled to receive remuneration in item (A) but are made eligible to receive compensation in item (B)
2) Mrs. Panidda Tiasuwan receives remuneration in capacity of the Company's director on May 2009.

(B) Total remuneration of the Company's executive directors and management

| | Type | No. (person) | Amount (Million Baht) |
|------------------------------------|------------------|--------------|-----------------------|
| Executive directors and management | Salary and Bonus | 7 | 18.636 |

Note: 1. Five directors are entitled to receive remuneration in this item.
2. Such compensation excludes compensation of the accounting and finance manager.

2. Other remunerations

2.1 Provident Fund

In 2009, the Company has contributed additional fund to provident fund for the Company's Board of Directors, executive directors and management with details as follows :-

(A) The Company's Board of Director

| No. | Name | Amount (Million Baht) |
|--------------|-----------------------|-----------------------|
| 1. | Mr. Prida Tiasuwan | 0.122 |
| 2 | Mrs. Panidda Tiasuwan | 0.046 |
| Total | | 0.168 |

(B) Executive directors and management

| | No. (Person) | Amount (Million Baht) |
|------------------------------------|--------------|-----------------------|
| Executive directors and executives | 7 | 0.468 |

2.2 Employee Stock Option Plan (ESOP) plan offered to the Company's directors and/or employees and/or subsidiaries.

The meeting of 2008 annual shareholders' meeting held on April 18, 2008 had resolved to issue and offer employee stock options amounting of 14,251,410 units which would be contributed to directors and employees of the Company and/or subsidiaries. And according to the notifications of the capital market supervisory board at Tor Jor.32/2008 on the offering of newly-issued securities to directors and employees dated on December 15, 2008, the Company has been allowed to go ahead with the offering plans. The notifications indicate the Company which has been endorsed by the office is required to implement the offering after the approval is set in the notifications.

As a result, the 2/2009 Board of Director's meeting on February 11, 2009 has resolved to approve the allocation and elaborated details of warrants to buy the Company's ordinary shares to directors and employees of the Company and/or subsidiaries. The Company has already reported details about the resolutions of the Company's Board of Directors via electronic system (SCP: SET Community Portal) of the Stock Exchange of Thailand on February 12, 2009.

(A) In capacity of the Company's directors

| No. | Name | Warrants (million unit) | % of warrants issued and offered totaling 14,251,410 units |
|--------------|-----------------------|----------------------------|--|
| 1 | Mr. Prida Tiasuwan | 0.70 | 4.91 |
| 2 | Mrs. Panidda Tiasuwan | 0.70 | 4.91 |
| Total | | 1.40 | 9.82 |

(B) In capacity of executive directors and management

| | Number (person) | Warrants (million units) | % of warrants issued and offered totaling 14,251,410 units |
|------------------------------------|--------------------|-----------------------------|--|
| Executive directors and executives | 7 | 4.06 | 28.49 |

Inside Information Control

The Company has determined the principles of the best practice and responsibilities for executives and the use of inside information by the Company's employees in written statement that can be summarized as follows :-

They must not abuse power and responsibilities for the sake of personal interests or anybody's gains; not disclose confidential information of the Company for personal interests or to anybody without the due consent of the Company; not to perform any actions that may result in the conflict of interests to the Company without informing the Company. They must also not allow outsiders to get access to the Company's inside information which has yet to be publicized; not trade the Company's shares for personal gains or that of any others. The Company has imposed penalty courses in case there is infringement upon the use of inside information in irregular manner. Violators would be subject to disciplinary punishment and/or lawsuits as deemed appropriate.

Regarding reports on security trading of the Company's Board of Directors and executives, the Company has already sent an official letter to explain their liability in reporting their securities holding to the Securities and Exchange Commission according to Article 59 of the Securities and Exchange Act B.E. 2535. The Company has also informed the Company's Board of Directors every time there is purchase, selling, transfer or acquisition of securities. In 2009, the Company's Board of Directors has reported the shareholding by comparing an increase (decrease) between December 30, 2009 and December 30, 2008 as follows :-

| No. | Name of the Company's directors | | No. of shares (shares) | | No. of shares Increase (decrease) during the period (share) |
|-----|---------------------------------|-----------------|------------------------|---------------------|---|
| | | | 30 December 2009 | 30 December 2008 | |
| 1 | Mr. Prida | Tiasuwan | 23,936,420 | 26,462,820 | (2,526,400) |
| 2 | Mrs. Panidda | Tiasuwan | 16,233,960 | 16,087,360 | 146,600 |
| 3 | Mrs. Pranee | Khunprasert | 14,316,860 | 14,176,860 | 140,00 |
| 4 | Mrs. Prapee | Sorakraikitikul | 14,025,560 | 13,815,560 | 201,0000 |
| 5 | Mr. Pramote | Tiasuwan | 10,540,560 | 13,400,560 | (2,860,000) |
| 6 | Mrs. Sunanta | Tiasuwan | 3,110,500 | 4,820,500 | (1,710,000) |
| 7 | Lt.Jg.Anan | Panananda R.T.N | 200,000 | 138,000 | 62,000 |

Note : 1) An increase of the number of shares arising from a purchase of securities and an exercise of warrants to buy ordinary shares (PRANDA-WA) allocated under ESOP Warrant scheme.
2) A fall in the number of shares arising from the disposal and transfers of securities.

Internal Control

The Company has given importance to efficient internal control system which is deemed essential in business administration, as the system will help generate the effectiveness and efficiency of operations which mean the Company's higher income, increasing operating profit and returns as planned using worthwhile investment, reliability of financial reporting which denotes the Company's ability to truly understand and comply with the laws and various regulations in relation to the Company's business. The Company has also required the internal audit department to conduct the audit to ensure the compliance with the operation plans and financial activities of the Company as well as laws and regulations governing the Company. The Company has reported directly the outcome to the Audit Committee. The internal audit department's audit operated under the internal control components which cover all processes within the Company pertaining and not pertaining to the financial report include five components as follows:

1. Organization and Environment

The company has fully complied with the good corporate governance and stated clearly the code of conducts in written statement for all executives and employees to follow. The Company has also determined the principles of responsibilities of the Company's directors and employees to be used as the guiding light and the best practices for the Company's directors, executive directors, executives as well as all employees to pursue based on the basic principles of business which cover the principles of efficiency and effectiveness, transparency and accountabilities for all stakeholders. Educational and experience background, skills and essential competency are also identified appropriately for each position, while a scope of responsibilities and job descriptions in each position is clearly stated in writing and explained to those who take responsibilities in that position to make them thoroughly and fully aware and understand.

The Company has also stressed upon the importance of human resources. In this issue, the core value promotion committee is held responsible for promoting and supporting as establishment of core value in the Company by stimulating a sense of participation of employees at all levels in the organization, developing systematic activities, implementing the activities on a continuous basis as well as applying activities and projects into actual practices and living their lives in a manner that complies with the core value jointly adopted.

2. Risk Assessment

The Company has clearly determined objectives and business goal of the organization and come up with systemized risk management by executing every six months the risk assessments both for internal or external factors which may affect the company's operations. It has also conducted analysis and appraised the risks in order to work out preventive measures and appropriate risk management approaches. The company has as well closely monitored and pursued appropriate risk managements to ensure maximum efficiency and effectiveness.

3. Management Control

The Company has clearly imposed a scope of responsibilities and authority of the management division at all levels in written statement. Duties and responsibilities of those who have approval authorities, those who record the accounting and information and those who take care of and protect the Company's assets have been clearly separated to ensure counterbalance. In case the transactions are executed with related parties, the Company has put in place the measures as well as processes of approval according to the size or scale of the transactions. Each approval of the transactions needs to make sure that no person who may have the vested interest participates in the approval.

4. Information and Communication System

The Company has installed appropriate information system and data base which is electronically connected throughout the organization to ensure an accuracy and timeliness for decision-making. It has also established efficient information and data security management system and disaster recovery plans to prevent and protect the Company's important information in case there is critical accident which may seriously affect the Company's operations. Efficient communication channels are also established to ensure the effectiveness of communication within the organization whereby key information would be transmitted from high-ranking executives to employees within a short period of time and/or conveyed directly to high-ranking management from employees.

5. Monitoring system

The Company has its own steps in monitoring and supervising the performance of each level on a continuous and appropriate basis as well as good evaluation and monitoring system to make sure that the Company's internal control measures and system is always effective and capable to cope with changes on a appropriate and timely basis. The Company has also directed all heads of each section to closely monitor the performance of their subordinates and developed the performance's evaluation. The Company has also established internal audit unit which is made eligible to report freely the performance of each sections to the Audit Committee to ensure the compliance with the key operations and financial activities of the Company which are implemented according to the practical guidelines already set as well as laws controlling the Company's business. The Company has revised the operational performance in comparison with the monthly target and reviewed the performance target every six months.

Dividend Policy

The Company has a policy to pay a dividend at the rate of not more than 60% of the annual net profit from separate financial statements. The dividend payment would be based primarily on the company's operating profit, working capital and investment capital in tangible assets, financial conditions, and legal reserves as stated by laws both for present and the future.

The Company's subsidiaries have also policy to pay net profit available from operating performance after legal reserves set aside. The Board of Directors will take into account the dividend payment from the Company's operating performance, financial conditions, and capital requirement before submitting for the shareholders' endorsement.

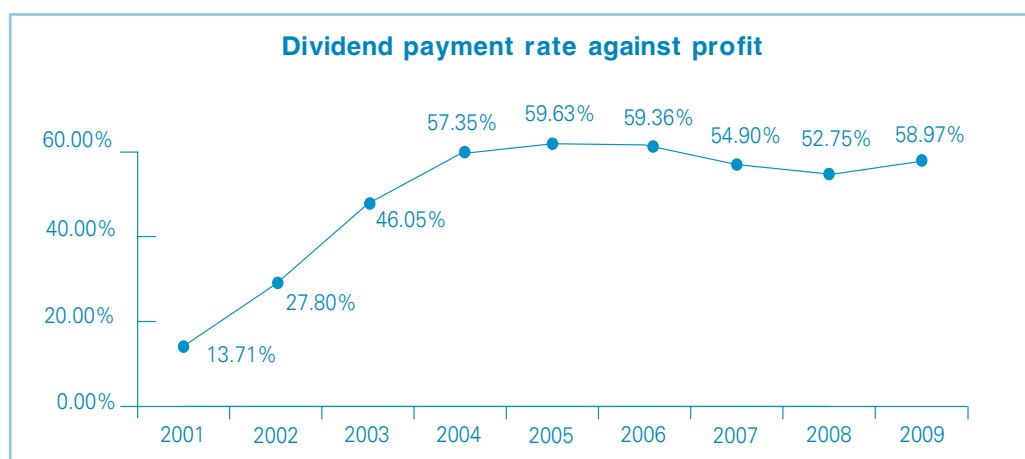
Dividend payment record between 2001 and 2009

| Year | Net profit (million baht) | % of dividend payment | dividend pay-out (million baht) | Number (million shares) | Dividend yield per share (baht) |
|---|------------------------------|--------------------------|---------------------------------------|-------------------------------|------------------------------------|
| 2001 | 364.72 | 13.71 | 50.00 | 20.00 | 2.50 ^{/1} |
| 2002 | 370.42 | 27.80 | 105.36 | 210.73 | 0.50 |
| Extra dividend from retained earnings ending at Dec. 31, 2002 | | | 66.28 | 200.96 | 0.30 |
| 2003 | 312.06 | 46.05 | 143.70 | 261.27 | 0.55 |
| 2004 | 361.76 | 57.35 | 207.46 | 319.18 | 0.65 |
| 2005 | 356.59 | 59.63 | 212.65 | 327.15 | 0.65 |
| Extra dividend from retained earnings ending at Dec. 31, 2005 | | | 111.84 | 372.79 | 0.30 |
| 2006 | 432.27 | 58.36 | 252.28 | 388.13 | 0.65 |
| 2007 ^{/2} | 396.49 | 54.90 | 217.66 | 395.75 | 0.55 |
| 2008 | 300.07 | 52.75 | 158.29 | 395.75 | 0.40 |
| Interim dividend from operating result of six month period ended June 30, 2009 | 169.00 | 11.12 | 39.81 | 398.16 | 0.10 |
| 2009 ^{/3} | 357.90 | 47.85 | 171.25 | 398.25 | 0.43 |

^{/1} Par value equivalent to 10 baht and after 2001 onwards the par value is equivalent to one baht

^{/2} The 14/2007 Board of Director's meeting on June 18, 2007 had resolved about the dividend policy to the shareholders in a rate of not more than 60% of net profit from the Separate Financial Statement. Since 2007, the Company has changed the way in recording investment accounts in subsidiaries and affiliated companies in separate financial statement from "cost method" to "equity method". The net profit of the Company in the consolidated and separate financial statements is thus not identical.

^{/3} For operating result of 2009, the Board of Director of the Company had a resolution to be proposed to the Shareholder's Annual General Meeting held on April 20, 2010 for an approval to pay dividend at Baht 0.53 per share. The Company had already made the interim dividend payment for the operating result of six month period ended June 30, 2009 at Baht 0.10 per share. Therefore, after getting an approval from the AGM, the Company will have to pay the outstanding dividend to shareholders at Baht 0.43 per share.



 The graphic displays the rate of dividend payment in comparison to net profit over the last nine years.

G

eneral Information

Security Name : Pranda Jewelry Public Company Limited
 At Bangkok
Symbol : PRANDA
Core Business : Jewelry producer and export
Head office : 28 Soi Bangna-Trad 28, Bangna Sub-district,
 Bangna District, Bangkok 10260 Thailand
Registration : 0107537001986
Telephone : (66) 2361 33111
 (66) 2393 8779
Fax : (66) 2361 3088
 (66) 2398 2143
Registered Capital : 410,000,000 THB
Paid Capital : 398,158,472 THB
Home Page : www.pranda.co.th and www.pranda.com
Responsible Person : Mrs. Prapee Sorakraikitikul
Email : prapee@pranda.co.th

Branch Office : 332-333 Suranaree Industrial Zone, Muang
 Nakhonratchasima, 30000 Thailand
Core Business : Jewelry producer and export
Telephone : (66) 044 212 593-4
Fax : (66) 044 212 685
Responsible Person : Mr. Somsak Siruengmon
Email : Somsak_s@pranda.co.th

Reference Persons

Official Registrar

Thailand Securities Depository Co., Ltd.
 62 The Stock Exchange of Thailand Building,
 Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand

Tel : (66 2) 229 2800

Fax : (66 2) 359 1259

TSD CALL CENTER : (66 2) 229 2888

Home Page : www.tsd.co.th

E-mail : TSDCallCenter@set.or.th

Auditor

Ernst & Young Office Limited

30th Floor, Lake Rajada Office Complex
 193/136-137 New Rajadapisek Road
 (Near Queen Sirikit's National Convention Centre)
 Klongtoey, Bangkok 10110, THAILAND

Home Page : www.ey.com

Tel : (66) 2264 0777, (66) 2661 9190

Fax : (66) 2264 0789-90, (66) 2661 9192

Law Consultant

Weerawong, Chinnavat & Peangpanor Ltd.

(Previous name: White & Case (Thailand) Limited)
 22nd Floor, Mercury Tower, 540 Ploenchit Road,
 Lumpini Sub-district, Pathumwan District, Bangkok 10330

Home Page : www.weerawongcp.com

Tel : (66) 2264 8000

Fax : (66) 2657 2222

The Company's Shareholding Exceeded 10% of Paid Capital. (December 31, 2009)

| Company Name / Address | Business | % of Holding | Registered Capital | Paid-up Capital |
|---|--|--------------|--------------------|-------------------|
| Production Base Crystalline Co., Ltd. No. 22 Soi Bangna-Trad 28, Bangna Sub-district, Bangna District, Bangkok 10260 Telephone (66) 2746 9580-5 Fax (66) 2399 4878 Home Page : www.crystalline.com Responsible Person : Mr. Chartchai Teekaveerakit E-mail : chartchai@crystalline.com | Producer and exporter of costume jewelry | 96 | THB 100 Million | THB 100 Million |
| Pranda Vietnam Co., Ltd. 16 Road 2A, Bien Hoa Industrail Zone II, Dong Nai, Vietnam Telephone 84 (61) 836 627, 836 739 Fax 84 (61) 991 798 Responsible Person : Mr. Santiparp Riyai E-mail : santiparp@pranda.com.vn | Producer and distributor of silver jewelry for exports and distribution under owned brands | 100 | USD 1.50 Million | USD 1.50 Million |
| Guangzhou Pangda Zhubao Shoushi Youxian Gongsi No.22 nd Chao YangShang Ave, DaPing, ShaTou, Panyu, Guangzhou, Guangdong, China 51140 Telephone (86) 20 3481 1060 Ext. 219 Fax (86) 20 3451 1962 Responsible Person : Mr. Winai Pornpitaksit E-mail : winai_p@pranda.co.th | Jewelry producer for distribution in China. | 100 | USD 2.35 Million | USD 2.35 Million |
| P.T. Pranda SCL Indonesia J.L.I Gusti Ngurah Rai No.1, Jakarta 13420, Indonesia Telephone 62 21 819 9280-2 Fax 62 21 819 9223 Responsible Person : Mr. Johnny Salmon E-mail : pranscl@cbn.net.id | Producer of jewelry for export and domestic market under Julia and Batik Silver brands | 50 | IDR 4,000 Million | IDR 4,000 Million |
| Distribution Base Primagold International Co., Ltd. No. 1093/64 12 th Floor, Central City Bangna Tower, Bangna-Trad Rd., Bangna Sub-district, Bangna District, Bangkok 10260 Telephone (66) 2745 6111 Fax (66) 2745 6117 Home Page : www.primagold.co.th Responsible Person : Ms. Rungnapa Ngowngamratana E-mail : rungnapa@primagold.co.th | Distributor of 99.9% and 96.5% gold jewelry diamond and jewelry under owned brands | 100 | THB 200 Million | THB 200 Million |
| Pranda North America, Inc. No.1 Wholesale Way, Cranston, RI 02920, U.S.A. Telephone 1(401) 946 2104 Fax 1(401) 946 2109 Responsible Person : Mr. Dominic Chandarasanti E-mail : dchand@prandana.com | Distribution of gold Jewelry in the USA and Canada. | 100 | USD 2,000 | USD 2,000 |
| H.GRINGOIRE s.a.r.l No.79 Rue De Turbigo F-75003, Paris, France Telephone 33 (1) 5301 9530 Fax 33 (1) 5301 9540 Home Page : www.h-gringoire.fr Responsible Person : Mr. Yvan LE DOUR E-mail : y.ledour@h.gringoire.fr | Distributor of gold jewelry under H.Gringoire trademark in France and Europe. | 100 | EUR 1.893 Million | EUR 1.893 Million |

| Company Name / Address | Business | % of Holding | Registered Capital | Paid-up Capital |
|---|--|--------------|--------------------|------------------|
| Pranda UK Limited Signal House West No.1 Armfield Close West Molesey Surrey KT8 2RT, United Kingdom Telephone 44 (1) 0208 979 3896 Fax 44 (1) 0208 783 2010 Responsible Person : Mr. John Warren E-mail : johnwarren@pranda.co.uk | Distributor of gold, silver jewelry, and costume jewelry under Cristalina brand in England and Europe. | 100 | GBP 0.5 Million | GBP 0.5 Million |
| Pranda Singapore Pte. Limited No.163 Penang Road # 02-01 Winsland Housell, Singapore 238463 Telephone (65) 6533 2611 Fax (65) 6532 5092 Responsible Person : Mrs. Sunanta Tiasuwan E-mail : sunanta@pranda.co.th | Joint Venture firm in Indonesia. | 100 | SGD 3.0 Million | SGD 3.0 Million |
| Pranda & Kroll GmbH & Co. KG Ebereschenweg 3 - 75180 Pforzheim Germany Telephone 49 (0) 7231 154 47 0 Fax 49 (0) 7231 154 47 25 Home Page : www.kroll-schmuck.de www.cai-jewels.com Responsible Person : Mr. Gregor Kroll E-mail : gregor.kroll@pranda-kroll.de | Producer and distributor of jewelry. | 51 | EUR 5.34 Million | EUR 5.34 Million |
| KSV Brand GmbH (held through Pranda & Kroll GmbH & Co. KG) Ebereschenweg 3 - 75180 Pforzheim Germany Telephone 49 (0) 7231 566 15 0 Fax 49 (0) 7231 566 15 25 Home Page : www.ksv-brand.de Responsible Person : Mr. Gregor Kroll E-mail : gregor.kroll@pranda-kroll.de | Distributor of jewelry under owned brands | 51 | EUR 25,000 | EUR 25,000 |
| Pranda Jewelry Private Limited 512, Rewa Estate, M.G. Road, Mulund (West), Mumbai-400080, India Telephone (91-22) 65220303, 65223636 Responsible Person : Mr. Vinod Tejwani E-mail : vinod@gunjan.biz | Distributor of gold and silver jewelry in India. | 51 | INR 1 Million | INR 1 Million |
| Supported Business KZ - PRANDA Co., Ltd. No. 75/51 Ocean Tower 2 Condominium Building 24 th Floor, Soi Sukhumvit 19, Sukhumvit Road Khongtoey Sub-district, Wattana District, Bangkok 10110 Telephone (66) 2204 1441-3 Fax (66) 2204 1444 Responsible Person : Mr. K.C. Lee E-mail : kclea@koreazinc.co.kr | Import and distribution of silver and pure gold granules and bars. | 40 | THB 30 Million | THB 9 Million |
| Pranda Iodging Co., Ltd. Head office : 28 Soi Bangna-Trad 28, Bangna Sub-district, Bangna District, Bangkok 10260 Thailand. Telephone (66) 2361 3311, (66) 2393 8779 Fax (66) 2361 3088, (66) 2398 2143 Responsible Person : Mrs. Panidda Tiasuwan E-mail : panidda@pranda.co.th | Property rental / Properties | 83 | THB 50 Million | THB 50 Million |

Risk factors that affect the industry

Despite Thailand's gems and jewelry industry has enjoyed competitive edge in international market, the industry remains inevitably subject to an adverse effect of the global economic crisis especially from a drastic fallout of the US and European economies. The industry; in addition, has also been braving out other challenges which play a significant impact on the industry such as a continuous rise of gold prices and a frenetic volatility of silver prices which directly affect consumption power of consumers. Ongoing appreciation of foreign exchange has also weakened pricing competitiveness of Thai products against neighboring countries in the same industry, while bargaining power of consumers has also significantly increased because of intensifying competition from competitors such as India and China.

Having thoroughly realized the risks which may arise both from inside and outside the organization, Pranda Jewelry Plc has therefore directed the finance committee to control and handle risk management of the organization. Details of major risk factors and risk management could be categorized as follows:

Risk factors that affect the Company's Operations

1. Strategic Risk

To comply with business planning which aims to grow the Company's business in robust and sustainable manner to cover key market destinations throughout the world, the Company has put a focus on expanding production, distribution and retail base of its own. In 2009, the Company has so far operated eight manufacturing facilities in five countries covering Thailand, Vietnam, China, Indonesia, Germany, and nine distribution and retail base in nine countries including Thailand, the United States, England, France, Germany, India, Indonesia, Vietnam, and China. The Company is also committed to becoming "The world Class Jewelry Brand Company," and raising sales from its own brand products to represent over 50% of total sales in 2012.

The global economic crisis may foil the Company's attempt to achieve business target as planned, but the Company never stays put, as it has organized a seminar for high-ranking executives of the group known as World Sales Meeting every year to review and revise the Company's business direction and business strategies of the group to ensure the compliance with changing economic environment in the world and markets in each country. The Company has also held a meeting of the Finance Committee to report operating results of the Pranda Group at least every quarter for acknowledgement and improvement and monitor operating results of the group to ensure its compliance with the target.

2. Operational Risk

Human resource risk

Rapid growth of the jewelry industry has also generated side effect, as the Industry is now facing a shortage of personnel who excel in design, manufacturing and innovation. As well, human resource development is time-consuming before they are well capable of producing quality and price-competitive products in the market.

Moreover, the number of skilled and experienced management in the jewelry industry with International standard qualifications is still limited, despite the country's gems and jewelry industry export sectors are currently one of Thailand's biggest export products.

Nonetheless, the Company has pursued a policy to safeguard the Company against risks potentially arising from human resources as follows:

- The Company has in place efficient human resource development unit which handles the process ranging from selection of suitable candidates to position, continuous knowledge and skill development through on-the-job training and theoretical process through human resource development center and key performance indicators both for employees and management.
- The Company retains skilled and experienced personnel who are instrumental to the organization with appropriate compensation system offered both in terms of monthly income and other fringe benefits including accommodations, food, clinical service, exercise and fitness arena, library, nursery center, employee stock option plan (ESOP) with details elaborated in the note to financial statement

- The Company has developed new human resources to the gems and jewelry industry by setting aside both financial budget and resources of the Company to support skilled worker development particularly in partnership with the Golden Jubilee Royal Goldsmith College in gems and jewelry for the 10th consecutive year.
- The Company and employees have jointly established provident fund in accordance with the Provident Fund Act 1987. The fund managed by TMB Bank aims to provide financial security to employees in case they resign or retire and underscore the good relationship within the organization and add up incentives to employees.
- The Company has set up savings co-operatives to offer financial support to employees within Pranda Group and teamed up with the employees to develop the good corporate culture such as waste reduction project, debt reduction project, traveling expense reduction project, health promotion project, innovation campaign project, and knowledge enhancement project

3. Financial Risk

The Company's income mainly stems from foreign currencies mostly in US dollar and Euro. Volatile foreign exchange may affect the Company's income, operating results, and the debt collections within a period as scheduled particularly during present economic condition. In addition, there are possible risks which may arise from changing interest rates and cancellation of credit lines by commercial banks.

Risk from an increase and fluctuation of raw material prices the prices of raw materials such as gold and silver which make up for about 60-80% of total production costs of the industry are mainly subject to the world's market prices. In 2009, the prices of gold which is a key component of jewelry industry have risen from US\$872 per ounce to \$972 per ounce, representing 11% over a previous year, while the prices of silver has drastically fluctuated, moving rapidly from US\$ 10 per ounce to \$19 per ounce. Higher prices coupled with frantic volatility of raw materials have as a result led the buyers to delay their purchase orders and jewelry consumption.

However, the Company has put in place policy to prevent financial risks as follows:

- The Company has commissioned risk prevention by hedging against financial risks with forward contracts, and natural hedge contracts.
- The Company has carefully examined creditability both of existing and new customers, taking into account thoroughly their financial status. The Company has also monitored the debt collection process with reviews on regular basis credit lines given the customers. The Company may ask for advance deposit from certain customers before agreeing on the purchase orders.
- The Company has also diversified revolving credit lines with several banks to prevent possible credit cancellations and maintain debt-to-equity ratio at the rate of not more than one times in order to reduce interest rate burden and the fluctuations which may arise in the future.
- The Company has been able to push cost of raw materials to customers to present the fluctuation of raw materials prices.

R

Related Party Transactions

The Company and subsidiaries have agreed mutually to treat all interrelated transactions as normal business and general trade practices. In its best bid to comply with regulations of the Securities and Exchange Act (4th version) 2551, Article 89/12 (1), the Company's Board of Directors has endorsed in principle on August 13, 2008 an authorization to the management to handle trade agreements in the same practices as general scholars should do to general contract partners in similar situation. Trade bargaining power should be free from any influences from a status of director, management or related parties.

Related Party Transactions as of December 31, 2009 have been disclosed in accordance with notifications of the Stock Exchange of Thailand on criteria and conditions. Information disclosure method on interrelated transactions of the listed companies could be summarized as follows:-

1. Transactions with subsidiaries and related persons

| Related person/juristic person | Item | value | Necessity and rationality |
|---|--|--|---|
| Prima Gold International Co., Ltd., a wholly owned subsidiary of Pranda Jewelry Plc) and Supree Holding Co., Ltd in which directors of Pranda Jewelry Plc and their close family members hold stake in excess of 10%. | The subsidiary company has entered into transactions to rent 12 th floor with the contract running between January 1, 2007 and December 31, 2009 with connected juristic persons. The building under the lease contract is located on Central City (Central Plaza Bangna) No. 1093/64, 68-70, Bangna District, Bangkok 10260 | Values of the lease contract for the building cover furniture and air-conditioning services worth 9,532,800 baht | The Company's Board of Directors and the Audit Committee have agreed upon the lease contract of the subsidiary, as it houses the head office of Prima Gold International since 1995 until today and in addition the location and rental costs are deemed reasonable. |
| Prima Gold International Co., Ltd., a 100%-owned subsidiary of Pranda Jewelry Plc) and Supree Holding Co., Ltd. whose all of shareholders are close family of directors of the subsidiary. | Purchase of office suites No. 1093/64, 1093/68, 1093/69 and 1093/70 on 13 th floor of Tower 1 Office (title deed No. 243044) located at No. 1, Bangna, Prakanong, Bangkok. The room space is 178.21, 347.50, 136.46 and 168.88 sq.m. respectively, totally 4 rooms. The agreement is made between Supree Holding Co., Ltd., a "seller", and Prima Gold International Co., Ltd., a "buyer" | An agreed price is valued 40 million baht. The agreed price is deemed appropriate and not over the market price appraised by an independent appraiser, Fanic Appraisal Co., Ltd., of which their report was made on June 26, 2009. | The Company's Board of Directors and the Audit Committee have considered and approved Prima Gold International Co., Ltd. to purchase the said office suite of Tower 1 Office according to the details above due to the managerial and operational benefits of this transaction to the subsidiary. |

2. Transactions between the Company and subsidiaries

- None -

For transactions which are executed on general trade basis between the Company and subsidiaries, affiliates and related companies which share management and directors are taken as general normal trade practices, please take a look at the financial remark No.6.

Necessity and rationalization

The interrelated items occurring among the Company, its affiliates and subsidiaries are business items which would be handled on normal practices, and the Board of Directors or the board of executives had approved in compliance with the appropriate procedures according to the regulations of the Company in all respects.

Policies and trends on making the future inter-related items

Future interrelated items of the Company should be implemented in the normal business practices as usual without special treatment and transfers of interests among the Company, affiliates and persons of vested interest. Pricing policy between the Company, related companies and persons will be based on pricing in normal business in similar way determined to unrelated companies or persons. Product or raw material prices bought from related companies or persons will comply with the contracts agreed upon or based on market prices for each type of raw materials. Nevertheless, the Audit Committee or the Company's auditors or independent experts would audit and provide opinions on the appropriateness of the prices and rationalization of making the items. They would also disclose type and value of the said items with reasons of making the items to the annual general meeting of the shareholders.

Moreover, the Board of Directors must ensure the compliance with the laws on securities and the Stock Exchange of Thailand (SET) and regulations, notices, orders or requirements of the SET as well as the compliance with the requirements which call on information disclosure about interrelated items and acquisition or disposal of the important assets of the Company or its affiliates according to the standards of accounting stated by the Accounting and Auditor Association of Thailand (AAAT).

However, if there were inter-related items between the Company or its affiliates or people who may have the conflict of interest or have vested interest or future conflict of interest, the Audit Committee would provide opinions on the necessity and appropriateness of such items. In case the Audit Committee had no expertise in considering the interrelated items that may happen, the Company would ask an independent specialist or the auditor of the Company to give opinions on the interrelated items for supplementing decision of the Board of Directors or the shareholders as the case may be. The Company would disclose the interrelated items in the remarks supplementing the financial statement that has been audited by the Company's auditor.

Management Discussion and Analysis

The Company would like to submit the management's discussion and analysis on the financial performance of the Consolidated Financial Statements for the year ended December 31, 2009 as follows:

1. Operating Results

1.1 Analysis of Operating Results

In 2009, the Company and subsidiaries have been inevitably affected by poor economic conditions, as key markets including the United States, Europe and Asia have yet to recover from economic and financial fallouts, while raw material prices particularly for gold have experienced a significant increase and the prices of silver were heavily volatile. Those negative factors play a vital part that affects operating results of the Company and subsidiaries, resulting in sales revenue fall to 3,663.59 million baht from 4,029.72, representing a drop of 9.09% from a year earlier. Nonetheless, thanks to the group's balanced and established foundations both in manufacturing which covers eight production bases in five countries including Thailand, Vietnam, China, Indonesia, and Germany; extensive distribution channel which covers nine distribution and retail bases in nine countries including Thailand, the United States, England, France, Germany, India, Indonesia, Vietnam and China; continued brand and marketing development and strategic adjustment by focusing more on silver jewelry products, resulting in a higher gross margin which increased from 32.33% to 35.36%, and effective controls of selling and administrative expenses, the Company has seen operating profit drop of only 4.79%. This came despite the Company's sales revenue fell as much as by 9.09%. As well, as a result of the Company's increased gross profit margin and effective controls on selling and administrative expenses, the Company posted operating profit of 329.01 million baht and after deduction of other expenses and combination of other revenues, dividend earned from investments, financial expenses and corporate income tax, the Company's net profit increased from 183.95 million baht to 256.37 million baht, representing a rise of 39.37%. The profit was partially due to the fact that the Company has booked the whole amount of allowances for an impairment of goodwill worth of 62.35 million baht from investing in foreign subsidiaries in 2008 and reported a decline of foreign exchange loss due to the baht appreciation to 20.94 million baht from 87.79 million baht, representing a drop of as much as 66.86 million baht or about 76.15%.

The Company still has thus a strong financial structure, with total liabilities worth 1,402.4 million baht and equity worth 2,866.34 million baht, or a debt-to-equity (D/E) ratio of 0.49 times. It also has a low financial risk as evident by its high ability to pay interest based on time interest earned (T/E) of 12.35 times.

1.2 Income Analysis

■ Total income

The Company and subsidiaries have reported total revenues in 2009 and 2008 worth 3,701.70 million baht and 4,061.05 million baht respectively, which decreased by 359.35 million baht or 8.85% due mainly to a decline of sales revenues by 366.13 million baht. Total income is divided into sales income and other income as follows:

• Sales income

Sales of the Company and subsidiaries in 2009 were 3,663.59 million baht which decreased by 366.13 million baht or 9.09% due to the reasons as mentioned above.

• Other incomes

The Company and subsidiaries have also generated other income totaling 38.11 million baht, 3.18 million of which was from interest rate earned from bank deposits and loans extended to related and affiliated companies, and 34.93 million baht was from revenues earned from services provided mainly to the affiliated companies such as consultation fee, and new product development charges.

■ Cost of Sales and Sales & Administrative Expenses

Cost of goods sold of the Company and subsidiaries was 2,368.03 million baht which decreased by 359.02 million baht or 13.17% from a year before due to a decline in sales, higher gross margin from silver jewelry products and good control on production cost and selling and administrative expenses worth 966.54 million baht which increased by only 9.45 million baht or 0.99%.

■ Profit

| Item | 2009 | | 2008 | | Increase / (decrease) | |
|------------------|--------------|--------|--------------|--------|-----------------------|--------|
| | Million baht | % | Million baht | % | Million baht | % |
| Sales income | 3,663.59 | 100.00 | 4,029.72 | 100.00 | (366.13) | (9.09) |
| Gross profit | 1,295.56 | 35.36 | 1,302.67 | 32.33 | (7.11) | (0.55) |
| Operating profit | 329.01 | 8.98 | 345.58 | 8.58 | (16.57) | (4.79) |
| Net profit | 256.37 | 7.00 | 183.95 | 4.56 | 72.43 | 39.37 |

The Company and subsidiaries' gross profit fell by only 7.11 million baht or 0.55% while sales dropped by as much as 9.09%. This could be said that the Company still has higher gross profit margin given the gross profit margin which rose from 33.33% to 35.36% due largely to higher production of silver jewelry products. The Company had operating profits of 329.01 million baht, down 16.57% from 2008, representing a drop of 4.79%, while net profit increased 72.43 million baht or 39.37% due to reasons mentioned in analysis of operating results mentioned above.

■ Return on Equity

The Company's return on equity rose from 6.47% to 9.04% due to higher net profit. Regarding dividend payment policy, the dividend payment is done in accordance with the Company's dividend policy which is committed to paying dividend at the rate of not more than 60% of annual net profit.

In 2009, the Company's Board of Directors has resolved and proposed for the general shareholders' meeting to approve on April 20, 2010 dividend payment in a rate of 0.53 baht per share, representing dividend yield of about 13.59% a year (dividend payout in a rate of 0.53 baht per share/annual average share price equivalent to 3.90 baht per share). The dividend payment accounts for 58.97% of net profit. Nonetheless, since an interim dividend of 0.10 baht per share was paid out on June 30, 2009, the outstanding dividend to be paid to shareholders who are entitled to receive dividend on March 17, 2010 will be 0.43 baht per share. The board has resolved to gather the list of shareholders who are entitled to receive dividend according to Clause 225 of the Securities and Exchange Act by the mean of book closing date on March 18, 2010. The dividend will be paid on May 11, 2010.

2. Financial Status

2.1 Assets

■ Asset Compositions

Comparative Balance Sheet for 2009 and 2008

Unit: Million Baht

| Balance Sheet | December 31, 2009 | % | December 31, 2008 | % |
|---|-------------------|----------------|-------------------|----------------|
| Cash and cash equivalents | 460.25 | 10.78% | 394.16 | 9.29% |
| Accounts Receivable - net | 883.71 | 20.70% | 978.38 | 23.05% |
| Related lending-net | 15.74 | 0.37% | 14.27 | 0.34% |
| Short-term loans and loans to related parties | 13.73 | 0.32% | 13.34 | 0.31% |
| Inventories - net | 1,624.03 | 38.05% | 1,611.86 | 37.98% |
| Other current assets | 76.80 | 1.80% | 69.79 | 1.65% |
| Total Current Assets | 3,074.28 | 72.02% | 3,081.80 | 72.62% |
| Total Non-Current Assets | 1,194.11 | 27.98% | 1,161.98 | 27.38% |
| Total Assets | 4,268.39 | 100.00% | 4,243.78 | 100.00% |

■ Asset's Quality

The Company and its subsidiaries have reported total assets for the period ended December 31, 2009 rose by 24.61 million baht or about 0.58% due to an increase in cash and cash equivalent of 66.09 million baht and net inventories worth 12.17 million baht.

2.2 Liquidity

■ Cash Flow Composition

Net operating cash flow of the Company and its Subsidiaries increased from 292.94 million baht to 444.76 million baht thanks to high profit.

From cash flow from investment, the Company has invested in new machinery and equipment for replacement and increasing production efficiency, of which its details were shown in No. 2.3 under investment expenditure.

From cash flow from financing, the Company made a repayment of long-term loan worth 160.71 million baht and dividend payment of 198.11 million baht.

From operating, investing and financing activities, the Company has net cash increasing 66.09 million baht and once the cash at the beginning of the period worth 394.16 million baht was included, the Company's cash at the end of the period was equivalent to 460.25 million baht.

Comparative Statement of Cash Flow for 2009 and 2008

Unit : Million Baht

| Statements of Cash Flows | December 31, 2009 | December 31, 2008 |
|--------------------------------------|-------------------|-------------------|
| Cash flow from operations | 445.16 | 292.94 |
| Cash flow from investments | (105.12) | (42.95) |
| Cash flow from financing | (268.64) | (324.72) |
| Difference from currency translation | (5.29) | (1.46) |
| Net cash | 66.09 | (76.19) |
| Cash at the beginning of the period | 394.16 | 470.35 |
| Cash at the end of the period | 460.25 | 394.16 |

■ Liquidity Ratio

The Company and subsidiaries have still retained strong financial liquidity as indicated by liquidity ratio for the period which stands firm at 2.53 times and cash conversion cycle which stands at 150 days which are close to the same period of a year earlier.

■ Ability to Pay Short-Term Debts

The Company and subsidiaries have short-term liabilities worth 1,216.39 million baht and short-term assets of 3,074.28 million baht. This could be implied that the Company has sufficient liquidity to completely settle all short-term obligations.

2.3 Capital Expenditure

■ Year-to-date Capital Expenditure

The Company had made an investment of 107.93 million baht which is divided into three categories as follows:

- 1.) About 27.23 million baht was invested in innovating production facilities of 1.1) Pranda Jewelry Plc., 1.2) Crystalline Co. Ltd., 1.3) Pranda Vietnam and 1.4) Pranda Guangzhou to replace and equipment.
- 2.) About 18.22 million was invested in distribution bases of 2.1) Prima Gold International, 2.2) H. Gringoire s.a.r.l., 2.3) Pranda & Kroll, 2.4) Pranda UK, 2.5) Pranda North America, Inc. and Jewelry, and 2.6) Pranda Jewelry Pvt. Ltd. to serve more customers and distribute merchandise to cover more markets.
- 3.) About 40.00 million baht was invested in purchasing office suites where the head office Prima Gold International has been located since 1995 until today.
- 4.) About 22.48 million baht was invested in purchasing about two rais of the land planned for future development, including ownership transfer fees. The land located at No. 4, Moo 6th, Bangna District, Bangkok, is slated for future development to strengthen the Company's business expansion; as location of the land is connected with existing area where the Company's office is located. The Company; moreover, has also extra benefits from a certain part of the land allowed by the land owner to use as additional gateway which is about six meters wide.

■ Investment Plans

The Company has a plan to construct a new office building at Head Office with total investment of Baht 200 million in order to set up product designs and development center and expand its production capacity. The project is expected to be finished within 2011. For this purpose, the Company set the budget of Baht 50 million in 2010 and of Baht 150 million in 2011 for the capital expenditure.

2.4 Sources of Fund

■ Capital Structure

Due to continuous operating profit, and constant dividend payment, the Company has still an increase of retained earnings from 1,420.22 million baht to 1,478.48 million baht, representing a rise of 4.10%. Long-term loan at the same time also decreased from 467.59 million baht to 347.41 million baht, a decrease of 25.70%, resulting in the debt-to- equity (D/E) ratio standing at 0.49 times for the period. This could be implied that the Company and subsidiaries have strong financial structure.

■ Shareholders' Equity

On April 18, 2008, the Annual General Meeting of the company's shareholders approved the resolution to issue 14,251,410 registered and non-transferable warrants to purchase the Company's ordinary shares under Employee Stock Option Plan (ESOP) to be offered to directors and employees of the Company and/or its subsidiaries. No Value is to be charged for the warrants upon issue. The warrants have an exercise price of 3 baht per share and are exercisable in a ratio of 1 warrant per 1 ordinary share, for a period of 5 years from the issue date. The warrant holders are entitled to exercise the warrants every six months.

Later on February 11, 2009, the second meeting of the Board of Directors for the year 2009 has resolved to approve the allotment of such warrants and determined the issuing date on February 27, 2009, with the first exercise date starting from August 28, 2009 and the following exercise period set at 6 months after the date the rights were exercised, namely: every February 28 and August 28. The last exercise date would be on February 27, 2014.

During 2009, the warrants have been exercised totaling of 2,409,882 warrants. The Company has cancelled the warrants in amount of 271,000 units of holders who have been removed from directors and employees of the Company and subsidiaries as stated by the project's regulations. As at December 31, 2009, 11,570,528 warrants remained unexercised.

■ Liabilities

The Company and its subsidiaries had total liabilities of 1,402.04 million baht which decreased by 33.58 million or 2.34% from a year earlier due to long-term loan repayment which would be made on a quarterly basis and the last repayment will be in March 2013.

3. Critical factors that may affect company's operation or financial status in the future.

The financial crisis in the United States and its widened impact on Europe and Asia has unavoidably affected financial liquidity of the real sector and eventually purchasing power of the consumers.

The Company which is an exporter to the United States, Europe, and Asia has also been directly hard hit. Nonetheless, the Company has well prepared and pursued business strategy by market diversification to cope with such unfavorable environment. It is also well capable of maintaining existing customer base and expanding into new markets such as China, India and Russia. The Company, more importantly, has set a vision to become the "World Class Jewelry Brand Company" and has well prepared solid foundations to accommodate such vision as evident by the Company's balanced administration structure which covers eight production bases in five countries including Thailand, Vietnam, China, Indonesia, and Germany, and extensive distribution channels which span nine distribution and retail bases in nine countries including Thailand, the United States, England, France, Germany, India, Indonesia, Vietnam and China, as well as own brand and marketing development.

Remuneration of the Auditor

■ Auditing fee

The Company and subsidiaries paid auditing fee to

- The Company's auditors in the past fiscal year totaling 2,150,000 baht.
- The audit office the auditors work for, persons or enterprises connected to the auditors and the audit office the auditors work for in the last fiscal year totaling 865,000 baht.

■ Non-audit fee

The Company and subsidiaries had no fee of other services to

- The Company's auditors in the last fiscal year totaling 0 baht and future payment arising from agreements which are yet to be honored in the last fiscal year totaling 0 baht.
- The audit office the auditors work for, persons or enterprises connected to the auditors and the audit office in the last fiscal year totaling 0 baht and future payment arising from agreements which are yet to be honored in the last fiscal year totaling 0 Baht.

Report of the Audit Committee on Corporate Governance

To all shareholders

The Audit Committee of Pranda Jewelry Public Company Limited is composed of three members including Lt. Jg. Anan Panananda R.T.N. in capacity of the Audit Committee Chairman, Mr. Verachai Tantikul, and Assoc. Prof. Sarita Bunnag as the Audit Committee members, whose qualifications fully meet requirements stipulated by the Stock Exchange of Thailand. The Company's Audit Committee has fully performed their duties according to the Company's rules and regulations with ultimate aim to ensure the Company's compliance with the good corporate governance principles and entrench operational efficiency and increase values to the Company. This practice would generate the most effectiveness to the Company's business goal and target.

In 2009, the Audit Committee had held four meetings altogether whereby all members of the Audit Committee have fully attended to re-examine information from the financial statement and connected transactions of the Companies and subsidiaries; listened to suggestions deemed beneficial to more accuracy, completeness and creditability of financial report and strengthened efficiency of internal control within the organization. The meetings were held without representatives of the Company's management attending, with the outcome of each meeting and the key issues being summed up to be further forwarded to the Company's Board of Directors for acknowledgement and further improvement. The meeting's outcome could be summed up as follows :

1. The Company's financial report has been prepared according to widely-recognised accounting principles and related accounting standards of the accounting council on the accuracy, completeness and reliability.
2. To ensure the adequacy, appropriateness and completeness of the Company's internal control system, the Audit Committee has verified and reviewed annual internal auditing plan focusing mainly on the financial and operating auditing.
3. The Audit Committee has reviewed the compliance with the Securities and Exchange law and regulations of the Stock Exchange of Thailand by promoting and supporting the Company to embrace the good corporate governance as well as relevant laws relating to the Company's businesses such as the revenue code and the customs procedures.
4. The Audit Committee has verified and provided opinions on interrelated transactions or items which may cause the conflict of interest including the information disclosure of such transactions in notes to financial statement as required by the Stock Exchange of Thailand and the Securities and Exchange Commission and sufficient disclosure of vital information and information of interrelated connections and items which may have the conflict of interest.
5. The Audit Committee has considered and proposed the selection and remuneration of the Company's auditors for the year 2010 based on their performance, independence and appropriateness of remuneration before proposing to the Company's Board of Directors to present further for final endorsement from the shareholder's ordinary meeting.

In summary, the Audit Committee has performed fully according to the assignments as stated in the Audit Committee charter endorsed by the Company's Board of Directors and has come to the opinion that the Company has disclosed accurate financial and operational information; in place sufficient and appropriate internal control and audit systems, and appropriate and efficient risk management, as well as full compliance with the rules, regulations and obligations, accurate connected transaction disclosure, appropriate compliance with the good corporate governance, transparency and creditability as well as improved operating system in terms of quality and propriety to changing business environment.



(Lt.Jg.Anan Panananda R.T.N.)

Chairman of the Audit Committee

Report of the Board of Director's Responsibilities to Financial Report

Regulated by the Public Company Act, B.E. 2535 (1992), the Accounting Act B.E. 2543 (2000), the Securities and Stock Exchange Act B.E. 2535 (1992) and the Notification of the Securities and Stock Exchange Commission's regarding the Preparation and Submission of Financial Statements, Financial Reports and Operating Results of the Securities Issuers the Board of Directors must ensure that there is a preparation for the financial statement that represent the Company's last year financial status, operation results, changes of shareholders' equity and cash flow, that are accurate and reasonable for the benefit of the shareholders and investors in a transparent manner.

The consolidated financial statement and Separate financial statements of the Company for the year ending 31st December 2009 have been audited by the Company's Auditor, namely Ernst & Young Office Limited. In auditing, the Board of Directors provided all relevant information and documents to enable the Auditor to examine and express his opinion in conformity with generally accepted standards. The Auditor's opinion, which appears in the Auditor's report, is already shown in this annual report.

In this regard, The Board of Directors has appointed the Audit Committee to review the accounting policies, the quality of the financial reports, the internal control, and internal audit system. The opinions of the Audit Committee with regard to these matters, which appeared in the Report of the Audit Committee, are already shown in this annual report.

The Board of Directors has provided and maintained the appropriate and efficient internal control system to reasonably ensure that the accounting data are accurate, complete, and sufficient to maintain its assets to prevent fraud and significantly irregular operation.

The Board of Directors agree after assessing the five elements of the internal control, including organizational and environment, risk management, information and communication system. Management control and monitoring system that the overall internal control system of the Company is at satisfactory level and ensure the consolidate financial statements and Separate financial statements for the year ending 31st December 2009 are reliable and prepare in conformity with generally accepted accounting standards and carried out accurately in accordance with law and all relevant and regulation.



(Mr. Prida Tiasuwan)

Chairman



(Mrs. Prapree Sorakraikitikul)

Acting President

R

eport of Independent Auditor

To the Shareholders of Pranda Jewelry Public Company Limited

I have audited the accompanying consolidated balance sheets of Pranda Jewelry Public Company Limited and its subsidiaries as at 31 December 2009 and 2008, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Pranda Jewelry Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits. I did not audit the financial statements for the years ended 31 December 2009 and 2008, of a local subsidiary company, and 7 overseas subsidiaries. Those financial statements were included in the consolidated financial statements, with total assets as at 31 December 2009 of Baht 1,199 million, and total revenues and net loss for the year then ended of Baht 1,737 million and Baht 159 million, respectively (total assets as at 31 December 2008 of Baht 1,312 million, and total revenues and net loss for the year then ended of Baht 1,928 million and 203 million, respectively). These subsidiaries' financial statements were audited by the other auditors, as discussed in Note 2.2 b) to the financial statements. Their reports have already been furnished to me. My opinion, insofar as it relates to the amounts of the various transactions of those subsidiaries included in the consolidated financial statements, is based solely on the reports of such other auditors.

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

In my opinion, based on my audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Pranda Jewelry Public Company Limited and its subsidiaries and of Pranda Jewelry Public Company Limited as at 31 December 2009 and 2008, and the results of their operations and cash flows for the years then ended in accordance with generally accepted accounting principles.



Thipawan Nananuwat

Certified Public Accountant (Thailand) No. 3459

Ernst & Young Office Limited

Bangkok: 26 February 2010

Balance Sheets

Pranda Jewelry Public Company Limited and its subsidiaries

As at 31 December 2009 and 2008

(Unit : Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | | 2009 | 2008 | 2009 | 2008 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | | 460,252,719 | 394,157,623 | 276,227,966 | 150,699,293 |
| Trade accounts receivable | | | | | |
| Related parties | 6 | 29,691,531 | 42,111,157 | 609,744,512 | 923,179,519 |
| Unrelated parties | | 1,001,513,248 | 1,022,540,120 | 439,329,918 | 484,842,383 |
| Less: Allowance for doubtful accounts | | (147,495,857) | (86,275,108) | (148,168,397) | (83,344,716) |
| Trade accounts receivable - net | 7 | 883,708,922 | 978,376,169 | 900,906,033 | 1,324,677,186 |
| Amounts due from related parties - net | 6 | 15,743,579 | 14,273,135 | 120,055,661 | 97,165,262 |
| Short-term loans to related parties - net | 6 | 13,734,325 | 13,341,665 | 63,909,570 | 68,341,665 |
| Current portion of long-term loans to related parties | 6 | - | - | 29,515,120 | - |
| Inventories - net | 8 | 1,624,033,593 | 1,611,862,045 | 772,641,347 | 762,174,655 |
| Other current assets | | | | | |
| Input tax refundable | | 8,029,527 | 3,836,157 | 871,883 | 115,747 |
| Others | | 68,775,309 | 65,950,831 | 15,952,673 | 16,299,026 |
| Total current assets | | 3,074,277,974 | 3,081,797,625 | 2,180,080,253 | 2,419,472,834 |
| Non-current assets | | | | | |
| Restricted bank deposits | 9 | 1,003,021 | 2,557,636 | 69,148 | 1,631,551 |
| Investment in convertible debentures issued | | | | | |
| by subsidiary | 10 | - | - | 24,870,000 | - |
| Investments in subsidiaries - net | 11 | - | - | 560,160,279 | 598,160,279 |
| Investments in associates - net | 12 | 71,532,406 | 68,019,466 | - | - |
| Other long-term investments | 13 | 14,870,951 | 14,831,426 | 14,870,951 | 14,831,426 |
| Advances for investment | 6 | - | - | 10,649,884 | 16,169,269 |
| Amounts due from related party | 6 | - | - | 41,343,438 | 36,905,680 |
| Long-term loans to related parties - net | 6 | - | - | 360,357,080 | - |
| Property, plant and equipment - net | 14 | 584,768,753 | 574,904,879 | 420,894,334 | 438,047,622 |
| Land held for development - net | 15 | 444,211,189 | 421,729,189 | 444,211,189 | 421,729,189 |
| Other non-current assets | | | | | |
| Leasehold rights - net | 16 | 38,264,973 | 40,756,243 | - | - |
| Goodwill - net | 17 | - | - | - | - |
| Others | | 39,456,787 | 39,179,033 | 12,057,127 | 12,625,791 |
| Total non-current assets | | 1,194,108,080 | 1,161,977,872 | 1,889,483,430 | 1,540,100,807 |
| Total assets | | 4,268,386,054 | 4,243,775,497 | 4,069,563,683 | 3,959,573,641 |

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

B

alance Sheets (continued)

Pranda Jewelry Public Company Limited and its subsidiaries

As at 31 December 2009 and 2008

(Unit : Baht)

| | | Consolidated financial statements | | Separate financial statements | |
|--|------|-----------------------------------|---------------|-------------------------------|---------------|
| | Note | 2009 | 2008 | 2009 | 2008 |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Bank overdrafts and short-term loans | | | | | |
| from financial institutions | 18 | 182,125,681 | 139,759,707 | 152,292,827 | 60,000,000 |
| Trade accounts and notes payable | | | | | |
| Related parties | 6 | 35,044,140 | 56,149,891 | 3,354,908 | 4,818,888 |
| Unrelated parties | | 634,173,833 | 602,197,174 | 490,509,991 | 496,817,951 |
| Total trade accounts and notes payable | | 669,217,973 | 658,347,065 | 493,864,899 | 501,636,839 |
| Current portion of long-term loans | 19 | 164,245,601 | 159,293,842 | 157,560,000 | 157,560,000 |
| Amounts due to related parties | 6 | 215,619 | - | 3,136,906 | 4,369,665 |
| Other current liabilities | | | | | |
| Corporate income tax payable | | 31,197,329 | 23,287,058 | 14,445,821 | 8,532,340 |
| Accrued interest expenses | | 6,103,511 | 5,332,417 | 5,928,055 | 5,332,417 |
| Accrued expenses | | 92,676,953 | 78,928,532 | 28,446,272 | 29,115,796 |
| Advance received for goods | | 32,868,529 | 8,268,280 | 28,930,986 | 7,493,420 |
| Others | | 37,744,624 | 51,052,555 | 4,916,172 | 14,951,043 |
| Total current liabilities | | 1,216,395,820 | 1,124,269,456 | 889,521,938 | 788,991,520 |
| Non-current liabilities | | | | | |
| Long-term loans - net of current portion | 19 | 183,161,576 | 308,304,394 | 133,340,000 | 290,900,000 |
| Long-term loan from related party | 6 | - | 360,045 | - | - |
| Other non-current liabilities | | 2,484,020 | 2,690,971 | - | - |
| Total non-current liabilities | | 185,645,596 | 311,355,410 | 133,340,000 | 290,900,000 |
| Total liabilities | | 1,402,041,416 | 1,435,624,866 | 1,022,861,938 | 1,079,891,520 |

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

B

alance Sheets (continued)

Pranda Jewelry Public Company Limited and its subsidiaries

As at 31 December 2009 and 2008

(Unit : Baht)

| Note | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|----------------------|-------------------------------|----------------------|
| | 2009 | 2008 | 2009 | 2008 |
| Shareholders' equity | | | | |
| Share capital | | | | |
| Registered | | | | |
| 410 million ordinary shares of Baht 1 each | 410,000,000 | 410,000,000 | 410,000,000 | 410,000,000 |
| Issued and fully paid-up | | | | |
| 398,158,472 ordinary shares of Baht 1 each | | | | |
| (31 December 2008: 395,748,590 ordinary shares of Baht 1 each) | 21 | 398,158,472 | 395,748,590 | 395,748,590 |
| Share premium | 21 | 764,113,987 | 759,294,223 | 759,294,223 |
| Unrealised gain | | | | |
| Revaluation surplus on land | 14 | 209,302,882 | 209,302,882 | 209,302,882 |
| Translation adjustment | | 5,972,483 | 13,657,643 | - |
| Retained earnings | | | | |
| Appropriated - statutory reserve | 22 | 41,000,000 | 41,000,000 | 41,000,000 |
| Unappropriated | | 1,437,478,042 | 1,379,220,559 | 1,634,126,404 |
| Equity attributable to the Company's shareholders | | 2,856,025,866 | 2,798,223,897 | 3,046,701,745 |
| Minority interest - equity attributable to minority shareholders of subsidiaries | | 10,318,772 | 9,926,734 | - |
| Total shareholders' equity | | 2,866,344,638 | 2,808,150,631 | 3,046,701,745 |
| Total liabilities and shareholders' equity | | 4,268,386,054 | 4,243,775,497 | 4,069,563,683 |

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

Directors

I ncome Statements

Pranda Jewelry Public Company Limited and its subsidiaries

For the years ended 31 December 2009 and 2008

(Unit : Baht)

| Note | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|----------------------|-------------------------------|----------------------|
| | 2009 | 2008 | 2009 | 2008 |
| Revenues | | | | |
| Sales | 3,663,588,659 | 4,029,723,260 | 2,759,230,607 | 3,115,979,687 |
| Other income | | | | |
| Interest income | 3,184,443 | 4,087,030 | 13,156,054 | 13,602,383 |
| Others | 34,930,345 | 27,242,114 | 54,633,124 | 62,620,588 |
| Total revenues | <u>3,701,703,447</u> | <u>4,061,052,404</u> | <u>2,827,019,785</u> | <u>3,192,202,658</u> |
| Expenses | | | | |
| Cost of sales | 2,368,032,634 | 2,727,054,731 | 1,966,420,089 | 2,349,209,711 |
| Selling expenses | 430,876,859 | 444,784,148 | 118,117,270 | 102,330,733 |
| Administrative expenses | 475,640,336 | 445,776,696 | 237,790,708 | 201,894,508 |
| Management benefit expenses | 6 | 60,026,120 | 19,582,652 | 21,468,794 |
| Other expenses | | | | |
| Loss on exchange | 20,937,036 | 87,794,969 | 25,172,743 | 88,030,567 |
| Allowance for impairment loss on investments in subsidiaries | - | - | 38,000,000 | 60,000,000 |
| Allowance for impairment loss on goodwill | 17 | - | 62,347,793 | - |
| Total expenses | <u>3,355,512,985</u> | <u>3,834,286,005</u> | <u>2,405,083,462</u> | <u>2,822,934,313</u> |
| Income before share of income from investments in associates, finance cost and corporate income tax | 346,190,462 | 226,766,399 | 421,936,323 | 369,268,345 |
| Share of income from investment in associates | 12.2 | 4,747,453 | 7,358,001 | - |
| Income before finance cost and corporate income tax | 350,937,915 | 234,124,400 | 421,936,323 | 369,268,345 |
| Finance cost | (43,678,516) | (56,076,087) | (34,589,226) | (45,305,610) |
| Income before corporate income tax | 307,259,399 | 178,048,313 | 387,347,097 | 323,962,735 |
| Corporate income tax | 24 | (50,401,343) | (33,773,757) | (29,443,086) |
| Net income for the year | <u>256,858,056</u> | <u>144,274,556</u> | <u>357,904,011</u> | <u>300,067,739</u> |
| Net income (loss) attributable to: | | | | |
| Equity holders of the parent | 256,371,516 | 183,946,357 | 357,904,011 | 300,067,739 |
| Minority interest of the subsidiaries (loss) | 486,540 | (39,671,801) | - | - |
| | <u>256,858,056</u> | <u>144,274,556</u> | | |
| Earnings per share | 26 | | | |
| Basic earnings per share | | | | |
| Net income attributable to equity holders of the parent | 0.65 | 0.46 | 0.90 | 0.76 |
| Weighted average number of ordinary shares (shares) | 396,611,611 | 395,748,590 | 396,611,611 | 395,748,590 |
| Diluted earnings per share | | | | |
| Net income attributable to equity holders of the parent | 0.64 | 0.46 | 0.90 | 0.76 |
| Weighted average number of ordinary shares (shares) | 399,165,574 | 395,748,590 | 399,165,574 | 395,748,590 |

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

Statements of changes in shareholder's equity

Pranda Jewelry Public Company Limited and its subsidiaries

For the years ended 31 December 2009 and 2008

(Unit: Baht)

Consolidated financial statements

| | Equity attributable to the parent's shareholders | | | | | | | Minority interest - equity attributable to minority shareholders of Subsidiaries | Total |
|--|--|---------------|-----------------------------|------------------------|-------------------|----------------|--|--|---------------|
| | Issued and fully paid-up share capital | Share premium | Revaluation surplus on land | Translation adjustment | Retained earnings | | Total equity attributable to the parent's shareholders | | |
| | | | | | Appropriated | Unappropriated | | | |
| Balance as at 31 December 2007 | 395,748,590 | 759,294,223 | 209,302,882 | 10,464,096 | 40,000,000 | 1,413,934,552 | 2,828,744,343 | 50,677,299 | 2,879,421,642 |
| Income and expenses recognised directly in equity: | | | | | | | | | |
| Translation adjustment | - | - | - | 3,193,547 | - | - | 3,193,547 | - | 3,193,547 |
| Net income and expenses recognised directly in equity | - | - | - | 3,193,547 | - | - | 3,193,547 | - | 3,193,547 |
| Net income (loss) for the year | - | - | - | - | - | 183,946,357 | 183,946,357 | (39,671,801) | 144,274,556 |
| Total income and expenses for the year | - | - | - | 3,193,547 | - | 183,946,357 | 187,139,904 | (39,671,801) | 147,468,103 |
| Dividend paid (Note 29) | - | - | - | - | - | (217,660,350) | (217,660,350) | - | (217,660,350) |
| Unappropriated retained earnings transferred to statutory reserve | - | - | - | - | - | - | - | - | - |
| Decrease in minority interest – equity attributable to minority shareholders of subsidiaries | - | - | - | - | 1,000,000 | (1,000,000) | - | - | - |
| Balance as at 31 December 2008 | 395,748,590 | 759,294,223 | 209,302,882 | 13,657,643 | 41,000,000 | 1,379,220,559 | 2,798,223,897 | (1,078,764) | (1,078,764) |
| Balance as at 31 December 2008 | 395,748,590 | 759,294,223 | 209,302,882 | 13,657,643 | 41,000,000 | 1,379,220,559 | 2,798,223,897 | 9,926,734 | 2,808,150,631 |
| Income and expenses recognised directly in equity: | | | | | | | | | |
| Translation adjustment | - | - | - | (7,685,160) | - | - | (7,685,160) | (40,194) | (7,725,354) |
| Net income and expenses recognised directly in equity | - | - | - | (7,685,160) | - | - | (7,685,160) | (40,194) | (7,725,354) |
| Net income for the year | - | - | - | - | - | 256,371,516 | 256,371,516 | 486,540 | 256,858,056 |
| Total income and expenses for the year | - | - | - | (7,685,160) | - | 256,371,516 | 248,686,356 | 446,346 | 249,132,702 |
| Dividend paid (Note 29) | - | - | - | - | - | (198,114,033) | (198,114,033) | - | (198,114,033) |
| Ordinary shares issuance from exercised warrants (Note 21) | 2,409,882 | 4,819,764 | - | - | - | - | 7,229,646 | - | 7,229,646 |
| Decrease in minority interest – equity attributable to minority shareholders of subsidiaries | - | - | - | - | - | - | - | - | - |
| Balance as at 31 December 2009 | 398,158,472 | 764,113,987 | 209,302,882 | 5,972,483 | 41,000,000 | 1,437,478,042 | 2,856,025,866 | (54,308) | (54,308) |
| Balance as at 31 December 2009 | 398,158,472 | 764,113,987 | 209,302,882 | 5,972,483 | 41,000,000 | 1,437,478,042 | 2,856,025,866 | 10,318,772 | 2,866,344,638 |

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

Statements of changes in shareholder's equity (continued)

Pranda Jewelry Public Company Limited and its subsidiaries

For the years ended 31 December 2009 and 2008

Separate financial statements

(Unit : Baht)

| | Issued and fully paid-up share capital | Share premium | Revaluation surplus on land | Retained earnings | | Total |
|---|--|------------------|-----------------------------------|-------------------|----------------|---------------|
| | | | | Appropriated | Unappropriated | |
| Balance as at 31 December 2007 | | | | | | |
| Net income for the year | 395,748,590 | 759,294,223 | 209,302,882 | 40,000,000 | 1,392,929,037 | 2,797,274,732 |
| Dividend paid (Note 29) | - | - | - | - | 300,067,739 | 300,067,739 |
| Unappropriated retained earnings transferred to statutory reserve | - | - | - | - | (217,660,350) | (217,660,350) |
| Balance as at 31 December 2008 | 395,748,590 | 759,294,223 | 209,302,882 | 1,000,000 | (1,000,000) | - |
| Balance as at 31 December 2008 | 395,748,590 | 759,294,223 | 209,302,882 | 41,000,000 | 1,474,336,426 | 2,879,682,121 |
| Net income for the year | - | - | - | - | 357,904,011 | 357,904,011 |
| Dividend paid (Note 29) | - | - | - | - | (198,114,033) | (198,114,033) |
| Ordinary shares issuance from exercised warrants (Note 21) | 2,409,882 | 4,819,764 | - | - | - | 7,229,646 |
| Balance as at 31 December 2009 | 398,158,472 | 764,113,987 | 209,302,882 | 41,000,000 | 1,634,126,404 | 3,046,701,745 |

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

Cash flows statements

Pranda Jewelry Public Company Limited and its subsidiaries

For the years ended 31 December 2009 and 2008

(Unit : Baht)

Cash flows from operating activities

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|--------------------|-------------------------------|--------------------|
| | 2009 | 2008 | 2009 | 2008 |
| Net income before tax | 307,259,399 | 178,048,313 | 387,347,097 | 323,962,735 |
| Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities: | | | | |
| Depreciation and amortisation | 73,246,008 | 68,190,890 | 41,318,249 | 40,332,541 |
| Amortisation of leasehold rights | 2,484,399 | 2,259,681 | - | - |
| Write-off equipment | 969,051 | 1,314,155 | 91,739 | 460,257 |
| Allowance for impairment loss on equipment | 452,826 | 665,976 | 452,826 | 665,976 |
| Allowance for loss on loans to subsidiary | - | - | - | 2,067,115 |
| Amortisation of discounted value of government bond | (64,525) | (64,525) | (64,525) | (64,525) |
| Write-off other long-term investment | 25,000 | - | 25,000 | - |
| Allowance for doubtful accounts | 61,220,749 | 21,454,221 | 64,823,681 | 15,038,032 |
| Write-off bad debts | 2,858,822 | 4,445,202 | 778,437 | 4,445,202 |
| Allowance for diminution in value of inventories | 34,944,479 | 17,033,558 | 8,000,000 | 4,400,000 |
| Gain on sales of equipment | (95,042) | (833,256) | (93,690) | (1,238,521) |
| Allowance for impairment loss on investments in subsidiaries | - | - | 38,000,000 | 60,000,000 |
| Allowance for impairment loss on goodwill | - | 62,347,793 | - | - |
| Share of income from investments in associates | (4,747,453) | (7,358,001) | - | - |
| Unrealised loss on exchange | 21,824,979 | 50,418,821 | 36,925,031 | 43,796,459 |
| Interest income | (3,184,443) | (4,087,030) | (13,156,054) | (13,602,383) |
| Interest expenses | 42,204,458 | 55,352,153 | 34,589,226 | 45,305,610 |
| Income from operating activities before changes in operating assets and liabilities | 539,398,707 | 449,187,951 | 599,037,017 | 525,568,498 |
| Operating assets (increase) decrease | | | | |
| Trade accounts receivable | (2,182,263) | (44,697,820) | (70,503,478) | (260,190,650) |
| Amounts due from related parties | (4,363,125) | 120,824 | (46,309,552) | (7,989,702) |
| Inventories | (46,534,584) | (6,149,707) | (18,466,692) | 19,570,179 |
| Other current assets | (10,372,911) | 6,842,458 | (341,308) | 5,975,551 |
| Other non-current assets | (1,615,598) | 7,227,448 | 294,271 | 2,072,167 |
| Operating liabilities increase (decrease) | | | | |
| Trade accounts and notes payable | 15,005,316 | 16,215,896 | (5,247,804) | 15,471,942 |
| Amounts due to related parties | 215,619 | (36,130) | (1,232,759) | 3,902,328 |
| Accrued expenses | 13,748,421 | (13,991,897) | (669,524) | 1,927,109 |
| Advance received for goods | 24,600,249 | (4,080,325) | 21,437,566 | (4,527,945) |
| Other current liabilities | (2,436,952) | (9,414,677) | 836,108 | 804,371 |
| Other non-current liabilities | (206,951) | 1,492,329 | - | - |
| Cash flows from operating activities | 525,255,928 | 402,716,350 | 478,833,845 | 302,583,848 |
| Cash paid for interest expenses | (41,433,364) | (52,668,704) | (33,993,588) | (42,622,161) |
| Cash paid for corporate income tax | (39,067,533) | (57,109,936) | (23,529,605) | (30,700,096) |
| Net cash flows from operating activities | 444,755,031 | 292,937,710 | 421,310,652 | 229,261,591 |

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

Cash flows statements (continued)

Pranda Jewelry Public Company Limited and its subsidiaries

For the years ended 31 December 2009 and 2008

(Unit : Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|----------------------|-------------------------------|----------------------|
| | 2009 | 2008 | 2009 | 2008 |
| Cash flows from Investing activities | | | | |
| Decrease in current investments- | | | | |
| deposits at financial institutions | - | 20,000,000 | - | 20,000,000 |
| Decrease (increase) in restricted bank deposits | 1,554,615 | 8,280,321 | 1,562,403 | (1,631,551) |
| Decrease (increase) in short-term loans to related parties | (1,000,000) | - | 3,838,000 | (5,000,000) |
| Decrease in advances for investment | - | - | 6,197,401 | 7,096,615 |
| Payment for investments in subsidiary | - | - | - | (47,115,000) |
| Payment for investment in convertible debentures issued by subsidiary | - | - | (24,870,000) | - |
| Acquisition of property, plant and equipment | (85,449,626) | (76,099,837) | (24,435,138) | (40,321,304) |
| Acquisition of land held for development | (22,482,000) | - | (22,482,000) | - |
| Proceeds from sales of equipment | 104,795 | 7,043,590 | 93,695 | 2,264,447 |
| Acquisition of leasehold rights | - | (5,000,000) | - | - |
| Cash receipt from interest income | 2,555,561 | 2,823,901 | 20,465,220 | 6,701,548 |
| Net cash flows used in investing activities | (104,716,655) | (42,952,025) | (39,630,419) | (58,005,245) |
| Cash flows from financing activities | | | | |
| Increase in bank overdrafts and | | | | |
| short-term loans from financial institutions | 42,365,974 | 5,544,238 | 92,292,827 | 13,520,000 |
| Cash receipt from long-term loans | 41,000,000 | 47,115,000 | - | 47,115,000 |
| Repayment of long-term loans | (160,712,222) | (158,088,785) | (157,560,000) | (156,420,000) |
| Decrease in long-term loan from related party | (360,045) | (1,652,245) | - | - |
| Proceeds from ordinary shares issuance from exercised warrants | 7,229,646 | - | 7,229,646 | - |
| Dividend paid | (198,114,033) | (217,660,350) | (198,114,033) | (217,660,350) |
| Cash receipt from (payment to) minority interest of subsidiary | (54,308) | 25,394 | - | - |
| Net cash flows used in financing activities | (268,644,988) | (324,716,748) | (256,151,560) | (313,445,350) |
| Decrease in translation adjustment | (5,298,292) | (1,456,417) | - | - |
| Net increase (decrease) in cash and cash equivalents | 66,095,096 | (76,187,480) | 125,528,673 | (142,189,004) |
| Cash and cash equivalents at beginning of year | 394,157,623 | 470,345,103 | 150,699,293 | 292,888,297 |
| Cash and cash equivalents at end of year | 460,252,719 | 394,157,623 | 276,227,966 | 150,699,293 |
| Supplemental cash flows information: | | | | |
| Non cash transactions: | | | | |
| The conversion of the Company's trade accounts receivable - related parties to become long-term loans to related parties | - | - | 397,578,523 | - |
| The conversion of the Company's amounts due from related party to become long-term loan to related party | - | - | 8,150,667 | - |

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

N

otes to consolidated financial statements

Pranda Jewelry Public Company Limited and its subsidiaries

For the years ended 31 December 2009 and 2008

1. General information

1.1 Corporate information

Pranda Jewelry Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of jewelry and its registered address is 28 Soi Bangna - Trad 28, Bangna Subdistrict, Bangna District, Bangkok 10260.

1.2 Economic crisis

Although the economic crisis has eased, there remains uncertainty concerning to the economic circumstance. These financial statements have been prepared on the basis of facts currently known to the Company, and on estimates and assumptions currently considered appropriate. However, they could be adversely affected by an array of future events.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Pranda Jewelry Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

| Company's name | Nature of business | Country of incorporation | Percentage of shareholding | |
|-----------------------------------|---|--------------------------|----------------------------|---------|
| | | | 2009 | 2008 |
| | | | Percent | Percent |
| <u>Held by the Company</u> | | | | |
| Primagold International Co., Ltd. | Distribution of jewelry | Thailand | 100 | 100 |
| Crystalline Co., Ltd. | Manufacture and distribution of jewelry | Thailand | 96 | 96 |
| Pranda Lodging Co., Ltd. | Dormitory rental | Thailand | 83 | 83 |
| Pranda North America, Inc. | Distribution of jewelry | U.S.A. | 100 | 100 |
| H.GRINGOIRE s.a.r.l. | Distribution of jewelry | France | 100 | 100 |
| Pranda UK Ltd. | Distribution of jewelry | United Kingdom | 100 | 100 |
| Pranda Singapore Pte. Limited | Holding company | Singapore | 100 | 100 |
| Pranda Vietnam Co., Ltd. | Manufacture and distribution of jewelry | Vietnam | 100 | 100 |
| Pranda (Guangzhou) Co., Ltd. | Manufacture and distribution of jewelry | China | 100 | 100 |
| Pranda & Kroll GmbH & Co. KG | Manufacture and distribution of jewelry | Germany | 51 | 51 |
| Pranda Jewelry Private Limited | Distribution of jewelry | India | 51 | 51 |

| Company's name | Nature of business | Country of incorporation | Percentage of indirect shareholding | |
|--|------------------------------|--------------------------|-------------------------------------|---------|
| | | | 2009 | 2008 |
| | | | Percent | Percent |
| <u>Held by the subsidiaries</u> | | | | |
| Pranda Acceptance Sdn. Bhd. (Held by Pranda Singapore Pte. Limited) | Ceased its operation in 2000 | Malaysia | 100 | 100 |
| KSV Brand GmbH (Held by Pranda & Kroll GmbH & Co. KG) | Distribution of jewelry | Germany | 100 | 100 |

b) The financial statements of the subsidiaries included in the consolidated financial statements are as follows:

| | Assets included in the consolidated total assets | | | | For the years ended 31 December | | | | | | | |
|---|--|---------|------------------|---------|---|---------|--------------|---------|--|---------|--------------|----------|
| | | | | | Revenue included in the consolidated total revenues | | | | Net income (loss) included in the consolidated net income attributable to equity holders of the parent | | | |
| | 31 December 2009 | | 31 December 2008 | | 2009 | | 2008 | | 2009 | | 2008 | |
| | Million Baht | Percent | Million Baht | Percent | Million Baht | Percent | Million Baht | Percent | Million Baht | Percent | Million Baht | Percent |
| Subsidiaries which the financial statements were audited by the Company's auditor | | | | | | | | | | | | |
| Primagold International Co., Ltd. | 531 | 12.44 | 437 | 10.30 | 519 | 14.00 | 507 | 12.46 | 23 | 8.95 | 25 | 13.59 |
| Crystalline Co., Ltd. | 130 | 3.05 | 120 | 2.83 | 141 | 3.81 | 161 | 3.96 | (3) | (1.17) | (1) | (0.54) |
| | 661 | 15.49 | 557 | 13.13 | 660 | 17.81 | 668 | 16.42 | 20 | 7.78 | 24 | 13.05 |
| Subsidiaries which the financial statements were audited by their auditors | | | | | | | | | | | | |
| Pranda Lodging Co., Ltd. | 29 | 0.68 | 34 | 0.80 | 14 | 0.38 | 14 | 0.34 | 1 | 0.39 | 1 | 0.54 |
| Pranda Vietnam Co., Ltd. | 87 | 2.04 | 78 | 1.84 | 24 | 0.65 | 15 | 0.37 | 7 | 2.73 | 12 | 6.52 |
| Pranda UK Ltd. | 289 | 6.77 | 300 | 7.06 | 204 | 5.50 | 295 | 7.25 | (34) | (13.23) | (30) | (16.30) |
| H.GRINGOIRE s.a.r.l. | 173 | 4.05 | 208 | 4.90 | 132 | 3.56 | 174 | 4.28 | (55) | (21.40) | (35) | (19.02) |
| Pranda North America, Inc. | 304 | 7.12 | 386 | 9.10 | 1,014 | 27.36 | 1,080 | 26.55 | 5 | 1.95 | (5) | (2.72) |
| Pranda (Guangzhou) Co., Ltd. | 65 | 1.52 | 53 | 1.25 | 24 | 0.65 | 44 | 1.08 | (18) | (7.00) | (27) | (14.68) |
| Pranda & Kroll GmbH & Co. KG | 194 | 4.55 | 203 | 4.78 | 253 | 6.83 | 237 | 5.82 | (65) | (25.29) | (118) | (64.13) |
| (included the financial statements of KSV Brand GmbH) | | | | | | | | | | | | |
| Pranda Jewelry Private Limited | 58 | 1.36 | 50 | 1.18 | 72 | 1.94 | 69 | 1.70 | - | - | (1) | (0.54) |
| | 1,199 | 28.09 | 1,312 | 30.91 | 1,737 | 46.87 | 1,928 | 47.39 | (159) | (61.85) | (203) | (110.33) |
| Subsidiary which the financial statements was prepared by the management of the subsidiary and not audited by its auditor | | | | | | | | | | | | |
| Pranda Singapore Pte. Limited | 71 | 1.66 | 67 | 1.58 | 4 | 0.11 | 6 | 0.15 | 4 | 1.56 | 6 | 3.26 |
| (included the financial statements of | | | | | | | | | | | | |
| Pranda Acceptance Sdn. Bhd.) | 71 | 1.66 | 67 | 1.58 | 4 | 0.11 | 6 | 0.15 | 4 | 1.56 | 6 | 3.26 |

- c) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
- e) The financial statements of overseas subsidiaries are translated into Thai Baht at the closing exchange rate as to assets and liabilities, and at monthly average exchange rates as to revenues and expenses. The resultant differences are shown under the caption of “Translation adjustment” in shareholders’ equity.
- f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- g) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

2.3 The separate financial statements, which present investments in subsidiaries and associates under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

In June 2009, the Federation of Accounting Professions issued Notification No. 12/2552, assigning new numbers to Thai Accounting Standards that match the corresponding International Accounting Standards. The numbers of Thai Accounting Standards as referred to in these financial statements reflect such change.

The Federation of Accounting Professions has issued Notification No. 86/2551 and 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidance as follows.

3.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year

Framework for Preparation and Presentation of Financial Statements (revised 2007)

TAS 36 (revised 2007) Impairment of Assets

TFRS 5 (revised 2007) Non-current Assets Held for Sale and Discontinued Operations

Accounting Treatment Guidance for Leasehold Right

Accounting Treatment Guidance for Business Combination under Common Control

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that TFRS 5 (revised 2007) and Accounting Treatment Guidance for Business Combination under Common Control are not relevant to the business of the Company, while Framework for Preparation and Presentation of Financial Statements (revised 2007), TAS 36 (revised 2007) and Accounting Treatment Guidance for Leasehold Right do not have any significant impact on the financial statements for the current year.

3.2 Accounting standards which are not effective for the current year

| | | <u>Effective date</u> |
|-----------------------|---|-----------------------|
| TAS 20 | Accounting for Government Grants and Disclosure of Government Assistance | 1 January 2012 |
| TAS 24 (revised 2007) | Related Party Disclosures | 1 January 2011 |
| TAS 40 | Investment Property | 1 January 2011 |

However, TAS 24 (revised 2007) and TAS 40 allow early adoption by the entity before the effective date.

The management of the Company has assessed the effect of these standards and believes that TAS 20 is not relevant to the business of the Company, while TAS 24 (revised 2007) and TAS 40 will not have any significant impact on the financial statements for the year in which it is initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised 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.

Rental and service income

Rental income is recognised based on an accrual basis. Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of standard cost (which approximates actual cost) and net realisable value. Standard cost includes all production costs and attributable factory overheads.

Raw materials and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

- a) Investments in debt securities expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to the interest income.
 - b) 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).
 - c) Investment in associates are accounted for in the consolidated financial statements using the equity method.
 - d) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.
- The weighted average method is used for computation of the cost of investments.

4.6 Property, plant and equipment/Depreciation

Land is stated at revalued amount. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to its fair value. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the balance sheet date.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When the carrying amount of land is increased as a result of a revaluation, the increase is credited directly to equity under the heading of "Revaluation surplus on land". However, a revaluation increase will be recognised as income to the extent that it reverses a revaluation decrease of land previously recognised as an expense.
- When carrying amount of land is decreased as a result of a revaluation, the decrease is recognised as an expense in the income statement. However, a revaluation decrease is to be charged directly against the related "Revaluation surplus on land" to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of land. Any excess amount is to be recognised as an expense in the income statement.

Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis (although for certain assets of some subsidiary companies, a declining balance method is used) over the following estimated useful lives:

| | |
|-----------------------------------|--------------------------------|
| Land improvements | 20 years |
| Buildings | 14, 20 years |
| Leasehold improvements | period of lease (5 - 39 years) |
| Machinery | 5 - 10 years |
| Furniture, fixtures and equipment | 3 - 10 years |
| Motor vehicles | 5 - 6 years |

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation and construction in progress.

The revaluation surplus on land can neither be offset against deficit nor used for dividend payment.

4.7 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation. Amortisation is calculated by reference to cost on a straight-line basis over the period of the lease (15-30 years). Amortisation is included in determining income.

4.8 Goodwill

Goodwill of an overseas subsidiary is initially measured at cost, arising from that subsidiary's receipt of the transfer of operations from a partner in the value higher than the net book value of the transferred assets

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of cash generating units that are expected to benefit from the synergies of the combination. The management estimates the recoverable amount of each cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

4.9 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.

4.10 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 balance sheet date.

Gains and losses on exchange are included in determining income.

4.11 Impairment of assets

At each reporting date, the Company performs impairment reviews in respect of the property, plant and equipment and other assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company also carries out annual impairment reviews in respect of goodwill. 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 income statement. However in cases where property was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

4.12 Employee benefits

Salaries, wages, bonus and contributions to the social security fund and provident fund are recognised as expenses when incurred.

4.13 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.

4.14 Income tax

Income tax of the Company and its subsidiaries (in Thailand) are provided in the accounts based on the taxable profits determined in accordance with tax legislation.

Income tax of overseas subsidiaries are provided in accordance with tax rates mandated by the tax laws of those countries.

5. 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. The significant accounting judgments and estimates are as follow:

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, aging profile of outstanding debts and the prevailing economic condition.

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 and subsidiaries' plant and equipment and to review estimate useful lives and salvage values when there are any changes.

The Company measures land at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land. The valuation involves certain assumptions and estimates.

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.

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and based agreed upon between the Company and those related parties.

(Unit : Million Baht)

| | Consolidated financial statements | | Separate financial statements | | Transfer Pricing policy |
|--|-----------------------------------|------|-------------------------------|-------|---|
| | 2009 | 2008 | 2009 | 2008 | |
| <u>Transactions with subsidiaries</u> | | | | | |
| (eliminated from the consolidated financial statements) | | | | | |
| Sales of goods | - | - | 1,439 | 1,629 | Normal business price close to those charged to other customers |
| Purchases of goods and raw materials | - | - | 176 | 192 | Standard cost or market price |
| Loan interest income | - | - | 9 | 4 | Per loan agreement |
| Interest income on overdue payment | - | - | 2 | 6 | 7.5 percent per annum |
| Guarantee fee income | - | - | 1 | 1 | 1 percent per annum |
| Services income | - | - | 32 | 28 | Cost plus margin |
| Management fee income | - | - | 15 | 24 | Agreed between the parties |
| Commission payments | - | - | 1 | 9 | Agreed between the parties |
| <u>Transactions with associates</u> | | | | | |
| Sales of goods | 1 | 2 | 1 | 2 | Normal business price close to those charged to other customers |
| Purchases of goods and raw materials | 424 | 361 | 410 | 324 | Market price |
| Service income | - | 1 | - | 1 | Cost plus margin |
| <u>Transactions with related companies</u> | | | | | |
| Sales of goods | 42 | 48 | 25 | 35 | Normal business price close to those charged to other customers |
| Purchase of goods | 46 | 56 | - | 1 | Market price |
| Loan interest income | 1 | 1 | 1 | 1 | Per loan agreement |
| Rental expenses | 3 | 4 | - | - | Contract price |
| Acquisition of office condominium units | 40 | - | - | - | Contract price |
| <u>Transactions with director</u> | | | | | |
| Acquisition of leasehold rights | - | 5 | - | - | Contract price |

(Unit: Million Baht)

Pranda Jewelry Public Company Limited

Amounts due from related parties

Subsidiaries

| | | | | | | |
|--|---|---|--------|--------|--|--|
| Primagold International Co., Ltd. | - | - | 23.7 | 28.4 | | |
| Pranda North America, Inc. | - | - | 12.5 | 14.0 | | |
| Pranda (Guangzhou) Co., Ltd. | - | - | 84.6 | 57.3 | | |
| H.GRINGOIRE s.a.r.l. | - | - | 0.8 | 1.7 | | |
| Pranda & Kroll GmbH & Co. KG | - | - | 7.8 | 7.3 | | |
| Others | - | - | 1.9 | 1.1 | | |
| Total | - | - | 131.3 | 109.8 | | |
| Less : Allowance for doubtful accounts | - | - | (17.0) | (17.0) | | |
| Total amounts due from subsidiaries - net | - | - | 114.3 | 92.8 | | |

Associated company

| | | | | | | |
|---------------------------|-----|-----|-----|-----|--|--|
| P.T. Pranda SCL Indonesia | 1.9 | 1.4 | 1.9 | 0.9 | | |
|---------------------------|-----|-----|-----|-----|--|--|

Related company

| | | | | | | |
|-------------------|-----|-----|-----|-----|--|--|
| PT. Gold Martindo | 3.9 | 3.4 | 3.9 | 3.4 | | |
|-------------------|-----|-----|-----|-----|--|--|

Related party

| | | | | | | |
|-----------------------|-----|-----|---|---|--|--|
| Subsidiary's director | 9.9 | 9.4 | - | - | | |
|-----------------------|-----|-----|---|---|--|--|

Total amounts due from related parties – net

Short-term loans to related parties

Subsidiaries

| | | | | | | |
|---|---|---|-------|-------|-----|------|
| Primagold International Co., Ltd. | - | - | 50.0 | 50.0 | 6.5 | 7.0 |
| Crystalline Co., Ltd. | - | - | - | 5.0 | - | 7.25 |
| Pranda Singapore Pte. Limited | - | - | 2.4 | 1.2 | 5.0 | 5.0 |
| Total | - | - | 52.4 | 56.2 | | |
| Less : Allowance for doubtful accounts | - | - | (1.2) | (1.2) | | |
| Total short-term loans to subsidiaries - net | - | - | 51.2 | 55.0 | | |

Related companies

| | | | | | | |
|---|------|------|------|------|-----|-----|
| PT. Gold Martindo | 12.7 | 13.4 | 12.7 | 13.4 | 5.0 | 5.0 |
| A-List Corporate Co., Ltd. | 1.0 | - | - | - | 8.0 | - |
| Total short-term loans to loans to related companies | 13.7 | 13.4 | 12.7 | 13.4 | | |

Total short-term loans to related parties – net

These short-term loans granted to related parties are unsecured and repayable on demand.

(Unit : Million Baht)

| | Consolidated financial statements | | Separate financial statements | | Interest Policies | |
|---|-----------------------------------|------|-------------------------------|--------|---------------------|------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | | | | | (Percent per annum) | |
| Amounts due from related parties | | | | | | |
| Subsidiaries | | | | | | |
| Primagold International Co., Ltd. | - | - | 23.7 | 28.4 | | |
| Pranda North America, Inc. | - | - | 12.5 | 14.0 | | |
| Pranda (Guangzhou) Co., Ltd. | - | - | 84.6 | 57.3 | | |
| H.GRINGOIRE s.a.r.l. | - | - | 0.8 | 1.7 | | |
| Pranda & Kroll GmbH & Co. KG | - | - | 7.8 | 7.3 | | |
| Others | - | - | 1.9 | 1.1 | | |
| Total | - | - | 131.3 | 109.8 | | |
| Less : Allowance for doubtful accounts | - | - | (17.0) | (17.0) | | |
| Total amounts due from subsidiaries - net | - | - | 114.3 | 92.8 | | |
| Associated company | | | | | | |
| P.T. Pranda SCL Indonesia | 1.9 | 1.4 | 1.9 | 0.9 | | |
| Related company | | | | | | |
| PT. Gold Martindo | 3.9 | 3.4 | 3.9 | 3.4 | | |
| Related party | | | | | | |
| Subsidiary's director | 9.9 | 9.4 | - | - | | |
| Total amounts due from related parties – net | 15.7 | 14.2 | 120.1 | 97.1 | | |
| Short-term loans to related parties | | | | | | |
| Subsidiaries | | | | | | |
| Primagold International Co., Ltd. | - | - | 50.0 | 50.0 | 6.5 | 7.0 |
| Crystalline Co., Ltd. | - | - | - | 5.0 | - | 7.25 |
| Pranda Singapore Pte. Limited | - | - | 2.4 | 1.2 | 5.0 | 5.0 |
| Total | - | - | 52.4 | 56.2 | | |
| Less : Allowance for doubtful accounts | - | - | (1.2) | (1.2) | | |
| Total short-term loans to subsidiaries - net | - | - | 51.2 | 55.0 | | |
| Related companies | | | | | | |
| PT. Gold Martindo | 12.7 | 13.4 | 12.7 | 13.4 | 5.0 | 5.0 |
| A-List Corporate Co., Ltd. | 1.0 | - | - | - | 8.0 | - |
| Total short-term loans to loans to related companies | 13.7 | 13.4 | 12.7 | 13.4 | | |
| Total short-term loans to related parties – net | 13.7 | 13.4 | 63.9 | 68.4 | | |

| (Unit : Million Baht) | | | | | |
|--|-----------------------------------|------|-------------------------------|-------|---------------------|
| | Consolidated financial statements | | Separate financial statements | | Interest Policies |
| | 2009 | 2008 | 2009 | 2008 | 2009 2008 |
| Current portion of long-term loans to related parties | | | | | (Percent per annum) |
| Subsidiaries | | | | | |
| Pranda & Kroll GmbH & Co. KG | - | - | 19.0 | - | 7.5 - |
| Pranda UK Ltd. | - | - | 10.5 | - | 7.5 - |
| Total current portion of long-term loans to related parties | - | - | 29.5 | - | |
| Advances for Investment | | | | | |
| Subsidiary | | | | | |
| Pranda Vietnam Co., Ltd. | - | - | 10.6 | 16.2 | |
| Total advances for Investment | - | - | 10.6 | 16.2 | |
| Amounts due from related party | | | | | |
| Subsidiary | | | | | |
| Crystalline Co., Ltd. | - | - | 41.3 | 36.9 | |
| Total amounts due from related party | - | - | 41.3 | 36.9 | |
| Long-term loans to related parties | | | | | |
| Subsidiaries | | | | | |
| Pranda & Kroll GmbH & Co. KG | - | - | 123.4 | - | 7.5 - |
| Pranda UK Ltd. | - | - | 237.0 | - | 7.5 - |
| Pranda Singapore Pte. Limited | - | - | 6.9 | 6.9 | Interest free loan |
| Total | - | - | 367.3 | 6.9 | |
| Less: Allowance for doubtful accounts | - | - | (6.9) | (6.9) | |
| Total long-term loans to related parties – net | - | - | 360.4 | - | |

The long-term loan granted to a subsidiary, Pranda Singapore Pte. Limited, is unsecured and repayable on demand.

In September 2009, a meeting of the Company's Board of Directors passed a resolution to convert the Company's trade accounts receivable and amounts due from an overseas subsidiary, Pranda & Kroll GmbH & Co. KG, amounting to approximately Baht 147.3 million, to a long-term loan of Euro 3 million. This loan is repayable within 5 years and unsecured.

In December 2009, a meeting of the Company's Board of Directors passed a resolution to convert the Company's trade accounts receivable - an overseas subsidiary, Pranda UK Ltd., amounting to approximately Baht 258.5 million, to a long-term loan of GBP 4.7 million. This loan is repayable within 10 years and unsecured.

(Unit : Million Baht)

Trade accounts payable – related parties

Subsidiaries

| | | | | |
|---|---|---|-----|-----|
| Crystaline Co., Ltd. | - | - | 0.2 | 1.2 |
| Pranda North America, Inc. | - | - | 1.8 | 1.8 |
| Pranda (Guangzhou) Co., Ltd. | - | - | 1.1 | 1.8 |
| Total trade accounts payable - subsidiaries | - | - | 3.1 | 4.8 |

Associated company

| | | | | |
|---------------------------|-----|------|---|---|
| P.T. Pranda SCL Indonesia | 4.9 | 17.9 | - | - |
|---------------------------|-----|------|---|---|

Related companies

| | | | | |
|--|------|------|-----|---|
| Gunjan Jewels Pvt Ltd. | 28.6 | 38.2 | - | - |
| Forward Freeland Co., Ltd. | 0.3 | - | 0.3 | - |
| Total trade accounts payable - related companies | 28.9 | 38.2 | 0.3 | - |

Management and director

| | | | | |
|-----------------------|-----|---|---|---|
| Subsidiary's director | 1.2 | - | - | - |
|-----------------------|-----|---|---|---|

Total trade accounts payable – related parties

| | | | |
|------|------|-----|-----|
| 35.0 | 56.1 | 3.4 | 4.8 |
|------|------|-----|-----|

Amounts due to related parties

Subsidiaries

| | | | | |
|--|---|---|------------|------------|
| Primagold International Co., Ltd. | - | - | 1.7 | 3.5 |
| Pranda UK Ltd. | - | - | 0.2 | 0.1 |
| Pranda North America, Inc. | - | - | 0.1 | 0.1 |
| Pranda & Kroll GmbH & Co. KG | - | - | 1.0 | 0.7 |
| Total amounts due to subsidiaries | - | - | 3.0 | 4.4 |

Related company

| | | | | |
|----------------------------|-----|---|---|---|
| Forward Freeland Co., Ltd. | 0.1 | - | - | - |
|----------------------------|-----|---|---|---|

Management and director

| | | | | |
|-----------------------|-----|---|-----|---|
| Subsidiary's director | 0.1 | - | 0.1 | - |
|-----------------------|-----|---|-----|---|

Total amounts due to related parties

| | | | |
|-----|---|-----|-----|
| 0.2 | - | 3.1 | 4.4 |
|-----|---|-----|-----|

Long-term loan from related party

Related company

| | | | | |
|------------------------|---|-----|---|---|
| Gunjan Jewels Pvt Ltd. | - | 0.4 | - | - |
|------------------------|---|-----|---|---|

Total long-term from related party

0.4

Such long-term loan is interest free and unsecured.

During 2009, movements of loans to related parties were as follow:

(Unit: Million Baht)

Short-term loans to related parties

Related companies

PT. Gold Martindo

A-List Corporate Co., Ltd.

| Consolidated financial statements | | | | |
|-----------------------------------|-----------------|----------|-----------------------------|--------------------------------|
| | During the year | | | |
| Balance as at 1 January 2009 | Increase | Decrease | Unrealised loss on exchange | Balance as at 31 December 2009 |
| | . | . | . | . |
| | . | . | . | . |
| 13.4 | - | - | (0.7) | 12.7 |
| - | 1.0 | - | - | 1.0 |

(Unit: Million Baht)

Short-term loans to related parties

Subsidiaries

Primagold International Co., Ltd.

Crystalline Co., Ltd.

Pranda Singapore Pte. Limited

Related company

PT. Gold Martindo

Long-term loans to related parties

Subsidiaries

Pranda & Kroll GmbH & Co. KG

Pranda UK Ltd.

Pranda Singapore Pte. Limited

| Separate financial statements | | | | |
|-------------------------------|-----------------|----------|-----------------------------|--------------------------------|
| | During the year | | | |
| Balance as at 1 January 2009 | Increase | Decrease | Unrealised loss on exchange | Balance as at 31 December 2009 |
| | . | . | . | . |
| | . | . | . | . |
| 50.0 | - | - | - | 50.0 |
| 5.0 | - | (5.0) | - | - |
| 1.2 | 1.2 | - | - | 2.4 |
| | . | . | . | . |
| 13.4 | - | - | (0.7) | 12.7 |
| | . | . | . | . |
| | . | . | . | . |
| - | 147.3 | - | (4.9) | 142.4 |
| - | 258.5 | - | (11.0) | 247.5 |
| 6.9 | - | - | - | 6.9 |

Management benefit expenses

In 2009, the Company and its subsidiaries paid salaries, bonus, meeting allowances and gratuities to their directors and management totaling Baht 60.0 million (Separate financial statements: Baht 19.6 million) (2008: Baht 66.5 million, Separate financial statements: Baht 21.5 million).

In addition, during the year, the Company has allocated 4,200,000 warrants to its directors without charge. The details of the warrants are presented in Note 20 to the financial statements.

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 30.3 to the financial statements.

7. Trade accounts receivable

The balances of trade accounts receivable as at 31 December 2009 and 2008, aged on the basis of due dates, as summarised below.

(Unit: Thousand Baht)

| Consolidated financial statements | | | | | |
|------------------------------------|--|--------|--|-----------|---------------------|
| Age of receivables | Trade accounts receivable – related parties | | Trade accounts receivable – unrelated parties | | Total |
| | 2009 | 2008 | 2009 | 2008 | 2009 2008 |
| Not yet due | 4,670 | 4,993 | 464,311 | 327,958 | 468,981 332,951 |
| Past due | | | | | |
| Up to 3 months | 10,847 | 12,554 | 143,726 | 325,870 | 154,573 338,424 |
| 3 - 6 months | 7,294 | 21,486 | 29,873 | 202,070 | 37,167 223,556 |
| 6 - 12 months | 4,633 | 239 | 70,344 | 90,557 | 74,977 90,796 |
| Over 12 months | 2,248 | 2,839 | 293,259 | 76,085 | 295,507 78,924 |
| Total | 29,692 | 42,111 | 1,001,513 | 1,022,540 | 1,031,205 1,064,651 |
| Less: Allowance for doubtful debts | - | - | (147,496) | (86,275) | (147,496) (86,275) |
| Trade accounts receivable - net | 29,692 | 42,111 | 854,017 | 936,265 | 883,709 978,376 |

(Unit: Thousand Baht)

| Separate financial statements | | | | | |
|------------------------------------|--|----------|--|----------|---------------------|
| Age of receivables | Trade accounts receivable – related parties | | Trade accounts receivable – unrelated parties | | Total |
| | 2009 | 2008 | 2009 | 2008 | 2009 2008 |
| Not yet due | 191,457 | 120,297 | 117,739 | 61,359 | 309,196 181,656 |
| Past due | | | | | |
| Up to 3 months | 145,605 | 198,654 | 61,129 | 175,982 | 206,734 374,636 |
| 3 - 6 months | 60,213 | 125,426 | 3,089 | 155,653 | 63,302 281,079 |
| 6 - 12 months | 45,607 | 179,058 | 43,087 | 36,876 | 88,694 215,934 |
| Over 12 months | 166,863 | 299,745 | 214,285 | 54,972 | 381,148 354,717 |
| Total | 609,745 | 923,180 | 439,329 | 484,842 | 1,049,074 1,408,022 |
| Less: Allowance for doubtful debts | (42,392) | (28,373) | (105,776) | (54,972) | (148,168) (83,345) |
| Trade accounts receivable - net | 567,353 | 894,807 | 333,553 | 429,870 | 900,906 1,324,677 |

As at 31 December 2008, an overseas subsidiary company pledged some of its trade accounts receivable of approximately Baht 81 million to secure loans granted to it by financial institutions.

During 2009, sales by an overseas subsidiary company, Pranda North America, Inc. to a significant customer totaled USD 26 million, or approximately Baht 876 million, equivalent to 86 percent of its net sales (2008: sales to two significant customers totaled USD 30 million, or approximately Baht 1,016 million, equivalent to 94 percent of the net sales of the subsidiary).

8. Inventories

(Unit : Baht)

| | Consolidated financial statements | | | | | | | |
|------------------|-----------------------------------|---------------|--|--------------|--------------------|--------------|-----------------|---------------|
| | Cost | | Allowance for diminution in value of inventories | | | | Inventories-net | |
| | | | Reduction cost to net realisable value | | Stock obsolescence | | | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Finished goods | 1,057,123,547 | 1,123,582,642 | (125,978,448) | (98,805,720) | (6,590,328) | (2,900,020) | 924,554,771 | 1,021,876,902 |
| Work in process | 275,501,092 | 184,149,935 | - | - | - | - | 275,501,092 | 184,149,935 |
| Raw materials | 491,784,967 | 469,875,349 | - | - | (74,796,371) | (71,296,371) | 416,988,596 | 398,578,978 |
| Factory supplies | 6,989,134 | 7,256,230 | - | - | - | - | 6,989,134 | 7,256,230 |
| Total | 1,831,398,740 | 1,784,864,156 | (125,978,448) | (98,805,720) | (81,386,699) | (74,196,391) | 1,624,033,593 | 1,611,862,045 |

(Unit : Baht)

| | Separate financial statements | | | | | | | |
|------------------|-------------------------------|-------------|--|--------------|--------------------|--------------|-----------------|-------------|
| | Cost | | Allowance for diminution in value of inventories | | | | Inventories-net | |
| | | | Reduction cost to net realisable value | | Stock obsolescence | | | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Finished goods | 235,033,639 | 334,975,115 | (79,114,250) | (74,614,250) | - | - | 155,919,389 | 260,360,865 |
| Work in process | 260,703,551 | 172,681,731 | - | - | - | - | 260,703,551 | 172,681,731 |
| Raw materials | 423,866,104 | 392,573,892 | - | - | (71,596,371) | (68,096,371) | 352,269,733 | 324,477,521 |
| Factory supplies | 3,748,674 | 4,654,538 | - | - | - | - | 3,748,674 | 4,654,538 |
| Total | 923,351,968 | 904,885,276 | (79,114,250) | (74,614,250) | (71,596,371) | (68,096,371) | 772,641,347 | 762,174,655 |

9. Restricted bank deposits

These represent the Company's deposit with bank, pledged for the purchase of raw material of the Company and the subsidiaries' deposits with banks, pledged to secure the guarantee issued by banks for electricity use.

10. Investment in convertible debentures issued by subsidiary

(Unit : Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|------|-------------------------------|------|
| | 2009 | 2008 | 2009 | 2008 |
| Investment in convertible debentures issued by subsidiary | - | - | 24,870,000 | - |

On 9 December 2009, an Indian subsidiary, Pranda Jewelry Private Limited, issued and offered to the Company 69,000 units of fully compulsorily convertible debentures, unsubordinated and unsecured, with a par value of Indian Rupee 1,000 each, or a total of Indian Rupee 69 million. All debentures are to be converted into fully paid up equity shares of the subsidiary on a mutually agreed date after 31 December 2012 and mature on 31 December 2016. The conversion ratio will be calculated in accordance with related regulations in India.

Under the debentures agreement, the subsidiary will pay interest on a quarterly basis at rates of 7.5 to 15 percent per annum. Moreover, the subsidiary has the right, under the agreement, to buy back the converted equity shares from the Company on or after the conversion date. In any case, if the subsidiary is unable to buy back such shares from the Company, the Company will offer some of the converted equity shares to the minority shareholder of the subsidiary in order to maintain the holding structure of the Company and the minority shareholder of the subsidiary.

On 11 December 2009, the Company purchased 34,500 units of convertible debentures with a par value of Indian Rupee 1,000 each, totaling of Indian Rupee 34.5 million or approximately of Baht 24.9 million, with the interest rate of 7.5 percent per annum.

Subsequently, on 12 January 2010, the Company purchased an additional of 34,500 units of convertible debentures with a par value of Indian Rupee 1,000 each, totaling of Indian Rupee 34.5 million or approximately of Baht 24.8 million, with the interest rate of 7.5 percent per annum.

11. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

| Company's name | Paid-up capital | | Currency | Shareholding percentage | | Cost | |
|--|-----------------|-------|-------------------------|-------------------------|-----------------|-----------|-----------|
| | 2009 | 2008 | | 2009 Percent | 2008 Percent | 2009 | 2008 |
| Pranda North America, Inc. | 2 | 2 | Thousand USD | 100 | 100 | 120,283 | 120,283 |
| H.GRINGOIRE s.a.r.l. | 1.893 | 1.893 | Million EUR | 100 | 100 | 217,235 | 217,235 |
| Pranda UK Ltd. | 0.5 | 0.5 | Million GBP | 100 | 100 | 28,973 | 28,973 |
| Pranda Vietnam Co., Ltd. | 1.5 | 1.5 | Million USD | 100 | 100 | 48,180 | 48,180 |
| Pranda Singapore Pte. Limited | | | | | | | |
| Pranda Acceptance Sdn. Bhd. (held by Pranda Singapore Pte. Limited) | 3 | 3 | Million SGD | 100 | 100 | 53,681 | 53,681 |
| Primagold International Co., Ltd. | 200 | 200 | Million Baht | 100 | 100 | 200,000 | 200,000 |
| Crystalline Co., Ltd. | 100 | 100 | Million Baht | 96 | 96 | 96,000 | 96,000 |
| Pranda Lodging Co., Ltd. | 50 | 50 | Million Baht | 83 | 83 | 41,125 | 41,125 |
| Pranda (Guangzhou) Co., Ltd. | 2.35 | 2.35 | Million USD | 100 | 100 | 81,396 | 81,396 |
| Pranda & Kroll GmbH & Co. KG KSV Brand GmbH (held by Pranda & Kroll GmbH & Co. KG) | 5.34 | 5.34 | Million EUR | 51 | 51 | 164,341 | 164,341 |
| Pranda Jewelry Private Limited | 1 | 1 | Million Indian Rupee | 51 | 51 | 436 | 436 |
| Total | | | | | | 1,051,650 | 1,051,650 |
| Less: Allowance for impairment of investments | | | | | | (491,490) | (453,490) |
| Investments in subsidiaries - net | | | | | | 560,160 | 598,160 |

During 2009 and 2008, no dividend income was received from its investments in subsidiaries.

12. Investments in associates

12.1 Details of associates:

(Unit: Thousand Baht)

| Company's name | Nature of business | Country of incorporation | Consolidated financial statement | | | |
|---|--|--------------------------|----------------------------------|-----------------|-----------------------------------|---------|
| | | | Shareholding percentage | | Investments value – equity method | |
| | | | 2009 Percent | 2008 Percent | 2009 | 2008 |
| KZ-Pranda Co., Ltd. | Import and distribution of raw materials - precious metals | Thailand | | | | |
| - Cost | | | 40 | 40 | 3,600 | 3,600 |
| - Accumulated share loss | | | | | (1,646) | (1,988) |
| | | | | | 1,954 | 1,612 |
| P.T. Pranda SCL Indonesia (held by the subsidiary company) | Manufacture and distribution of jewelry | Indonesia | | | | |
| - Cost | | | 50 | 50 | 39,409 | 39,409 |
| - Accumulated share Income | | | | | 37,698 | 33,293 |
| - Translation adjustment | | | | | (7,529) | (6,295) |
| | | | | | 69,578 | 66,407 |
| Total carrying amounts based on equity method | | | | | 71,532 | 68,019 |

(Unit: Thousand Baht)

| Company's name | Nature of business | Country of incorporation | Separate financial statements | | | | | | | |
|---------------------|--|--------------------------|-------------------------------|-----------------|-------|-------|---|---------|---|------|
| | | | Shareholding percentage | | Cost | | Allowance for impairment of investments | | Carrying amounts based on cost method – net | |
| | | | 2009 Percent | 2008 Percent | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| KZ-Pranda Co., Ltd. | Import and distribution of raw materials - precious metals | Thailand | 40 | 40 | 3,600 | 3,600 | (3,600) | (3,600) | - | - |

12.2 Share of income

During the year, the Company and its subsidiaries recognised their share of net income from investments in associates in the consolidated financial statements as follows:

(Unit: Thousand Baht)

| Company's name | Consolidated financial statements | |
|---------------------------|--|-------|
| | Share of income from investments in associates during the year | |
| | 2009 | 2008 |
| P.T. Pranda SCL Indonesia | 4,405 | 6,595 |
| KZ-Pranda Co., Ltd. | 342 | 763 |
| Total | 4,747 | 7,358 |

During 2009 and 2008, the Company and its subsidiaries received no dividend income from their investments in associates.

The share of income from investment in an associated company incorporated in overseas as included in the consolidated income statements has been calculated from the financial statements prepared by the management of the associated company but not audited by its auditor. However, the management of the Company believes that there would be no material difference if those financial statements had been to be audited by its auditor.

12.3 Financial information of associates

Financial information of the associates are summarised below.

(Unit: Million Baht)

| Company's name | Paid-up capital as at 31 December | | Currency | Total assets as at 31 December | | Total liabilities as at 31 December | | Total revenues for the year ended 31 December | | Net income for the year ended 31 December | |
|---------------------------|-----------------------------------|-------|----------------|--------------------------------|------|-------------------------------------|------|---|-------|---|------|
| | 2009 | 2008 | | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| KZ-Pranda Co., Ltd. | 9 | 9 | Million Baht | 133 | 64 | 128 | 60 | 1,638 | 1,907 | 1 | 2 |
| P.T. Pranda SCL Indonesia | 4,000 | 4,000 | Million Rupiah | 202 | 200 | 121 | 131 | 218 | 290 | 9 | 13 |
| | | | Indonesia | | | | | | | | |

13. Other long-term investments

(Unit: Baht)

Held-to-maturity
Government bonds
Other long-term investments
Total other long-term investments

| Consolidated / Separate financial statements | |
|---|------------|
| 2009 | 2008 |
| 14,870,951 | 14,806,426 |
| - | 25,000 |
| 14,870,951 | 14,831,426 |

The Company has pledged some of its government bonds to secure performance bonds as required in the normal course of its business

14. Property, plant and equipment

(Unit: Baht)

Consolidated financial statements

| | Revaluation basis | Cost basis | | | | | | | Assets under installation and under construction | Total |
|--------------------------------|--|------------------|-------------|-----------------------|-------------|----------------------------------|----------------|------------|--|---------------|
| | Land | Land improvement | Building | Leasehold improvement | Machinery | Furniture fixtures and equipment | Motor vehicles | | | |
| Cost / Revalued amount: | | | | | | | | | | |
| | 31 December 2008 | 271,162,279 | 7,575,959 | 409,421,123 | 22,321,469 | 152,523,035 | 426,379,426 | 25,297,572 | 8,573,350 | 1,323,254,213 |
| | Additions | - | - | 40,000,000 | 182,222 | 12,916,549 | 21,423,670 | 1,149,103 | 9,778,082 | 85,449,626 |
| | Disposals | - | - | - | - | (7,907) | (11,705,949) | - | - | (11,713,856) |
| | Transfers | - | - | 4,473,335 | - | 7,700,445 | 4,045,632 | - | (16,219,412) | - |
| | Translation adjustment | (144,440) | - | (2,623,874) | (256,631) | (395,442) | (2,079,540) | (241,573) | - | (5,741,500) |
| 31 December 2009 | 271,017,839 | 7,575,959 | 451,270,584 | 22,247,060 | 172,736,680 | 438,063,239 | 26,205,102 | 2,132,020 | 1,391,248,483 | |
| Accumulated depreciation: | | | | | | | | | | |
| | 31 December 2008 | - | 5,683,185 | 252,660,198 | 14,671,640 | 109,254,893 | 336,997,832 | 16,598,922 | - | 735,866,670 |
| | Depreciation for the year | - | 254,208 | 20,661,546 | 1,848,379 | 13,925,498 | 31,707,837 | 2,867,663 | - | 71,265,131 |
| | Depreciation on disposals | - | - | - | - | (7,905) | (9,428,992) | - | - | (9,436,897) |
| | Translation adjustment | - | - | (1,027,102) | (68,531) | (99,928) | (1,506,943) | (150,005) | - | (2,852,509) |
| | 31 December 2009 | - | 5,937,393 | 272,294,642 | 16,451,488 | 123,072,558 | 357,769,734 | 19,316,580 | - | 794,842,395 |
| Allowance for impairment loss: | | | | | | | | | | |
| | 31 December 2008 | - | - | - | - | - | 12,482,664 | - | - | 12,482,664 |
| | Increase during the year | - | - | - | - | - | 452,826 | - | - | 452,826 |
| | Allowance for impairment loss on disposals | - | - | - | - | - | (1,298,155) | - | - | (1,298,155) |
| | 31 December 2009 | - | - | - | - | - | 11,637,335 | - | - | 11,637,335 |
| | Net book value: | | | | | | | | | |
| 31 December 2008 | 271,162,279 | 1,892,774 | 156,760,925 | 7,649,829 | 43,268,142 | 76,898,930 | 8,698,650 | 8,573,350 | 574,904,879 | |
| 31 December 2009 | 271,017,839 | 1,638,566 | 178,975,942 | 5,795,572 | 49,664,122 | 68,656,170 | 6,888,522 | 2,132,020 | 584,768,753 | |

Depreciation for the year

2008 (Baht 34.5 million included in manufacturing cost, and the balance in selling and administrative expenses)

67,993,729

2009 (Baht 36.0 million included in manufacturing cost, and the balance in selling and administrative expenses)

71,265,131

Unit: Baht)

Separate financial statements

| | Revaluation basis | Cost basis | | | | | | Total |
|---|-------------------|------------------|-------------|-------------|-----------------------------------|----------------|--|-------------|
| | Land | Land improvement | Building | Machinery | Furniture, fixtures and equipment | Motor vehicles | Assets under installation and under construction | |
| Cost / Revalued amount: | | | | | | | | |
| 31 December 2008 | 260,807,799 | 7,575,959 | 301,450,380 | 126,106,418 | 250,590,111 | 15,289,233 | 6,010,802 | 967,830,702 |
| Additions | - | - | - | 11,157,953 | 3,736,303 | 13,500 | 9,527,382 | 24,435,138 |
| Disposals | - | - | - | (7,907) | (6,398,721) | - | - | (6,406,628) |
| Transfers | - | - | 4,473,335 | 7,700,445 | 1,232,384 | - | (13,406,164) | - |
| 31 December 2009 | 260,807,799 | 7,575,959 | 305,923,715 | 144,956,909 | 249,160,077 | 15,302,733 | 2,132,020 | 985,859,212 |
| Accumulated depreciation: | | | | | | | | |
| 31 December 2008 | - | 5,683,185 | 203,860,239 | 92,483,032 | 204,438,152 | 10,835,808 | - | 517,300,416 |
| Depreciation for the year | - | 254,208 | 13,908,254 | 12,213,685 | 13,262,932 | 1,404,777 | - | 41,043,856 |
| Depreciation on disposals | - | - | - | (7,905) | (5,008,824) | - | - | (5,016,729) |
| 31 December 2009 | - | 5,937,393 | 217,768,493 | 104,688,812 | 212,692,260 | 12,240,585 | - | 553,327,543 |
| Allowance for impairment loss: | | | | | | | | |
| 31 December 2008 | - | - | - | - | 12,482,664 | - | - | 12,482,664 |
| Increase during the year | - | - | - | - | 452,826 | - | - | 452,826 |
| Allowance for impairment loss on disposals | - | - | - | - | (1,298,155) | - | - | (1,298,155) |
| 31 December 2009 | - | - | - | - | 11,637,335 | - | - | 11,637,335 |
| Net book value: | | | | | | | | |
| 31 December 2008 | 260,807,799 | 1,892,774 | 97,590,141 | 33,623,386 | 33,669,295 | 4,453,425 | 6,010,802 | 438,047,622 |
| 31 December 2009 | 260,807,799 | 1,638,566 | 88,155,222 | 40,268,097 | 24,830,482 | 3,062,148 | 2,132,020 | 420,894,334 |
| Depreciation for the year | | | | | | | | |
| 2008 (Baht 25.8 million included in manufacturing cost, and the balance in selling and administrative expenses) | | | | | | | | 40,134,930 |
| 2009 (Baht 27.3 million included in manufacturing cost, and the balance in selling and administrative expenses) | | | | | | | | 41,043,856 |

In 2006, the Company arranged for an independent professional valuer to appraise the value of land. The basis of the revaluation was “Market approach”. The results showed the fair value of land to be approximately of Baht 209 million higher than its book value. The Company recorded the land at the revalued amount and credited the surplus, directly to equity, under the heading of “Revaluation surplus on land” in the balance sheet.

Had the land been carried in the financial statements based on historical cost, its book value as of 31 December 2009 would have been Baht 52 million.

As at 31 December 2009, certain plant and equipment items of the Company have been fully depreciated but are still in use. The original cost of those assets amounts to approximately Baht 283 million (2008: Baht 284 million).

The Company and its subsidiaries have pledged their assets with a total net book value as at 31 December 2009 amounting to approximately Baht 398 million (2008: Baht 369 million) as collateral against credit facilities received from commercial banks (The separate financial statements: Baht 345 million, 2008: Baht 355 million).

15. Land held for development

The Company’s land held for development is land for future projects. This balance is stated at cost, covering the cost of land, land improvements and other related capitalised expenses and interest less allowance for impairment loss if the recoverable amount is less than the carrying value.

As at 31 December 2009 and 2008, the balances of land held for development consist of the following:

(Unit: Thousand Baht)

| | Consolidated/Separate financial statements | |
|-------------------------------------|--|-----------|
| | 2009 | 2008 |
| Land | 525,856 | 503,374 |
| Capitalised interest | 156,017 | 156,017 |
| Land improvement | 7,990 | 7,990 |
| Total | 689,863 | 667,381 |
| Less: Allowance for impairment loss | (245,652) | (245,652) |
| Land held for development - net | 444,211 | 421,729 |

During the year 2009, the Company purchased land held for development of Baht 22.5 million.

In 2006, the Company arranged for an independent professional valuer to appraise the value of land held for development. The basis of the revaluation was “Market approach”. The fair market value was a total of Baht 422 million.

The Company has mortgaged land held for development with a total net book value as at 31 December 2009 of approximately Baht 422 million (2008: Baht 422 million) as collateral against credit facilities received from commercial bank.

16. Leasehold rights

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|--------------|-------------------------------|------|
| | 2009 | 2008 | 2009 | 2008 |
| Leasehold rights - at cost at the beginning of year | 69,763,057 | 64,781,303 | - | - |
| Acquisition during the year - at cost | - | 5,000,000 | - | - |
| Less: Accumulated amortisation | (31,491,213) | (29,006,814) | - | - |
| Translation adjustment | (6,871) | (18,246) | - | - |
| Leasehold rights - net | 38,264,973 | 40,756,243 | - | - |
| Amortisation expenses included in the income statements for the year | 2,484,399 | 2,259,681 | - | - |

A local subsidiary company has mortgaged leasehold rights with a total net book value as at 31 December 2009 of approximately Baht 28.4 million (2008: Baht 28.0 million) as collateral for credit facilities received from commercial banks.

17. Goodwill

(Unit: Baht)

| | |
|--|--|
| Goodwill | |
| Less: Accumulated amortisation | |
| Translation adjustment | |
| Total | |
| Less: Allowance for impairment loss on goodwill | |
| Goodwill - net | |
| Allowance for impairment loss on goodwill included in the income statements for the year | |

| Consolidated financial statements | |
|-----------------------------------|--------------|
| 2009 | 2008 |
| 90,278,000 | 90,278,000 |
| (26,169,140) | (26,169,140) |
| (1,761,067) | (1,761,067) |
| 62,347,793 | 62,347,793 |
| (62,347,793) | (62,347,793) |
| - | - |
| - | 62,347,793 |

18. Bank overdrafts and short-term loans from financial institutions

(Unit: Baht)

| | Interest rate (percent per annum) | Consolidated financial statements | | Separate financial statements | |
|--|--|-----------------------------------|-------------|-------------------------------|------------|
| | | 2009 | 2008 | 2009 | 2008 |
| Bank overdrafts | 3.25, 7.20, 8.50, MOR+0.5, MOR, MLR-0.25 | 26,965,455 | 41,345,487 | - | - |
| Promissory notes | MMR | 152,292,826 | 62,000,000 | 152,292,827 | 60,000,000 |
| Short-term loans from financial institutions | 3.83 | 2,867,400 | 36,414,220 | - | - |
| Total | | 182,125,681 | 139,759,707 | 152,292,827 | 60,000,000 |

Bank overdrafts and short-term loans of the Company are secured by the mortgage of the Company's land with structures thereon, land held for development and guaranteed by its directors.

Bank overdrafts and short-term loans from financial institutions of a local subsidiary company are secured by the mortgage of a part of the leasehold rights in shopping malls of the subsidiary, and guaranteed by the Company, and directors of the Company and that subsidiary company.

Short-term loans of an overseas subsidiary company are guaranteed by the Company and the subsidiary's director.

As at 31 December 2008, short-term loans of another overseas subsidiary company were secured by some of the subsidiary's accounts receivable.

19. Long-term loans

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|---------------|-------------------------------|---------------|
| | 2009 | 2008 | 2009 | 2008 |
| The Company | | | | |
| 19.1 Baht loan facilities of Baht 1,084 million, to refinance restructured debt | 165,790,000 | 298,350,000 | 165,790,000 | 298,350,000 |
| - Interest rate | | | | |
| In first year, MLR less 2 percent per annum | | | | |
| In second year to fifth year, MLR less 1 percent per annum | | | | |
| In sixth year to seventh year, MLR less 0.5 percent per annum | | | | |
| In eighth year to ninth year, MLR per annum | | | | |
| - Repayable quarterly as from October 2002 to January 2011 | | | | |
| 19.2 Baht loan facilities of Baht 194 million | 125,110,000 | 150,110,000 | 125,110,000 | 150,110,000 |
| - Interest rate | | | | |
| In first year to fifth year, MLR less 1 percent per annum | | | | |
| In sixth year to eighth year, MLR less 0.5 percent per annum | | | | |
| - Repayable quarterly as from June 2007 to December 2014 | | | | |
| The local subsidiary company | | | | |
| Primagold International Co., Ltd. | | | | |
| 19.3 Baht loan facilities of Baht 10 million | 7,271,200 | 8,180,800 | - | - |
| - Interest rate | | | | |
| The first year to third year, interest rate at MLR less 1 percent per annum | | | | |
| The fourth year to sixth year, interest rate at MLR less 0.5 percent per annum | | | | |
| The seventh year to twelfth year, interest rate at MLR percent per annum | | | | |
| - Repayable monthly as from January 2007 to December 2017 | | | | |
| 19.4 Baht loan facilities of Baht 9 million | 8,429,995 | - | - | - |
| - Interest rate at MLR plus 0.5 percent per annum | | | | |
| - Repayable monthly as from July 2009 to December 2015 | | | | |
| 19.5 Baht loan facilities of Baht 32 million | 31,128,478 | - | - | - |
| - Interest rate at MLR per annum | | | | |
| - Repayable monthly as from October 2009 to June 2016 | | | | |
| The overseas subsidiaries | | | | |
| Pranda & Kroll GmbH & Co. KG | | | | |
| 19.6 Euro loans facilities of Euro 0.01 million | - | 343,642 | - | - |
| - Interest 5.4 percent per annum | | | | |
| - Repayable in April 2009 | | | | |
| Pranda North America, Inc. | | | | |
| 19.7 USD loan facilities of USD 0.3 million | 9,677,504 | 10,613,794 | - | - |
| - Interest 7.25 percent per annum | | | | |
| - Repayable monthly as from July 2007 to June 2022 | | | | |
| Total | 347,407,177 | 467,598,236 | 290,900,000 | 448,460,000 |
| Less: Current portion of long-term loans | (164,245,601) | (159,293,842) | (157,560,000) | (157,560,000) |
| Long-term loans - net of current portion | 183,161,576 | 308,304,394 | 133,340,000 | 290,900,000 |

The long-term loans of the Company were secured by the mortgage of land with structures thereon, and land held for development, and by the guarantee of the Company's directors. The loan agreements contain covenants as specified in the agreements that, among other things, require the Company to maintain certain debt to equity according to the agreements.

Long-term loans of a local subsidiary company were granted by local commercial banks. Such loans were secured by the mortgage of its office condominium units and part of its leasehold rights, and by the guarantees of the Company and directors of the subsidiary. The loan agreements contain covenants as specified in the agreements that, among other things, require the subsidiary to maintain certain debt to equity according to the agreements.

Long-term loan of an overseas subsidiary company, Pranda North America, Inc., was granted by the financial institution in the United States of America. Such loan was for the purpose of acquiring land and building and was secured by the acquired land and building.

20. Warrants

On 18 April 2008, the Annual General Meeting of the Company's shareholders approved the resolution to issue 14,251,410 registered and non-transferable warrants to purchase the Company's ordinary shares under Employee Stock Option Plan (ESOP) to be offered to directors and employees of the Company and/or its subsidiaries. No value is to be charged for the warrants upon issue. The warrants have an exercise price of Baht 3 per share and are exercisable in a ratio of 1 warrant per 1 ordinary share, for a period of 5 years from the issue date. The warrant holders are entitled to exercise the warrants every six months.

Subsequently, on 11 February 2009, the meeting of the Company's Board of Directors No. 2/2009, approved the resolution to approve the allocation and determine the date of issuance of the warrants to purchase the Company's ordinary shares on 27 February 2009. The first exercise date is on 28 August 2009.

During the year 2009, the warrants have been exercised totaling of 2,409,882 warrants and there were cancellation of 271,000 warrants of the warrant holders who are no longer employees of the Company and its subsidiaries. The cancellation of the warrants is in accordance with condition of ESOP. As at 31 December 2009, there are 11,570,528 warrants remained unexercised.

21. Share capital / share premium

During the year 2009, the Company registered an increase in its issued and paid up share capital to Baht 398.2 million with the Ministry of Commerce on 4 September 2009 due to the exercise of 2,409,882 warrants under ESOP to purchase 2,409,882 ordinary shares with a par value of Baht 1 each totaling of approximately Baht 2.4 million. The share premium increased by approximately Baht 4.8 million as a result of such share issuance. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities on 11 September 2009.

22. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

23. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|---------------|-------------------------------|---------------|
| | 2009 | 2008 | 2009 | 2008 |
| Salary and wages and other employee benefits | 825,218,718 | 872,162,210 | 486,589,510 | 518,529,836 |
| Depreciation | 71,265,131 | 67,993,729 | 41,043,856 | 40,134,930 |
| Loss on exchange | 20,937,036 | 87,794,969 | 25,172,743 | 88,030,567 |
| Raw materials and consumables used and purchase of finished goods | 1,813,565,820 | 2,137,135,990 | 1,475,400,720 | 1,803,570,807 |
| Changes in inventories of finished goods and work in process | (24,892,061) | 24,238,082 | 11,919,656 | 44,455,670 |
| Allowance for diminution in value of inventories | 34,944,479 | 17,033,558 | 8,000,000 | 4,400,000 |
| Allowance for doubtful accounts | 61,220,749 | 21,454,221 | 64,823,681 | 15,038,032 |
| Commission expenses | 80,647,978 | 77,366,702 | 51,518,947 | 45,974,870 |
| Rental expenses | 50,042,039 | 45,187,063 | 278,277 | 234,860 |
| Allowance for impairment loss on investment in subsidiaries | - | - | 38,000,000 | 60,000,000 |
| Allowance for impairment loss on goodwill | - | 62,347,793 | - | - |

24. Corporate income tax

Part of the Company's operations has been granted promotional privileges from the Board of Investment, including exemption from corporate income tax on profits for a period of eight years, commencing as from the date of first earnings operating income (1 January 2003).

Corporate income tax of the Company was calculated on net income before income tax from operations without BOI promotional privileges for the years, after adding back expenses and deducting income which are disallowable for tax computation purposes.

Corporate income tax of the local subsidiaries were calculated on net income before income tax for the years, after adding back expenses and deducting income which are disallowable for tax computation purposes.

Corporate income tax of the overseas subsidiaries were calculated in accordance with the accounting standards and/or tax law of that company's country of domicile.

25. Promotional privileges

25.1 The Company has received promotional privileges from the Board of Investment for the manufacture of jewelry for its factory located in the Suranaree Industrial Estate Zone in Nakorn Rachasima province, pursuant to the promotion certificate No.1010/2544 issued on 10 January 2001. Subject to certain imposed conditions, the privileges of the Company are as follows:

- Exemption from corporate income tax on net income derived from the promoted operations for a period of eight years from the date the promoted operations commenced generating revenues (1 January 2003).
- Exemption from corporate income tax on dividends paid from the income of promoted operations on which corporate income tax is exempted throughout the corporate income tax-exemption period.
- 50% reduction of corporate income tax on net income derived from the promoted operations for a period of 5 years after the tax-exemption period ends.
- Allowance permitting five percent of the increment in export income over that of the preceding year to be deductible from taxable income for a period of ten years from the date the promoted operations commenced generating revenues.

The Company's operating revenues for the years are below shown divided according to promoted and non-promoted operations.

(Unit: Baht)

| | Promoted operations | | Non-promoted operations | | Total | |
|----------------|----------------------|----------------------|-------------------------|----------------------|----------------------|----------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Sales | | | | | | |
| Domestic sales | - | - | 466,600,569 | 471,201,243 | 466,600,569 | 471,201,243 |
| Export sales | 1,705,945,103 | 1,820,079,479 | 586,684,935 | 824,698,965 | 2,292,630,038 | 2,644,778,444 |
| Total sales | <u>1,705,945,103</u> | <u>1,820,079,479</u> | <u>1,053,285,504</u> | <u>1,295,900,208</u> | <u>2,759,230,607</u> | <u>3,115,979,687</u> |

25.2 A subsidiary company (Crystalline Co., Ltd.) has received promotional privileges from the Board of Investment. Subject to certain imposed conditions, the privileges are as follows:

| Details | | |
|--|---|---|
| 1. Certificate No. | 5036/2547 | 1384(4)/2549 |
| 2. Promotional privileges for | Manufacturing of jewelry | Manufacturing of jewelry for its factory located in the Suranaree Industrial Estate Zone in Nakorn Rachasima province |
| 3. The significant privileges are | Non-granted | 8 years |
| 3.1 Exemption from corporate income tax on net income derived from the promoted operations and exemption from corporate income tax on dividends paid from the income of the promoted operations on which corporate income tax is exempted. | Non-granted | Granted |
| 3.2 50% reduction of corporate income tax on net income derived from the promoted operations for a period of 5 years after the tax-exemption period ends. | Non-granted | Granted |
| 3.3 Exemption from import duty on machinery approved by the Board of Investment. | Granted for a period from 21 July 2004 to 20 July 2008 and extended to 20 July 2010 | Granted for a period of 5 years from the first import date |
| 3.4 Exemption from import duty on raw materials and significant supplies used in export production. | | |
| 4. Date of first earning operating income | 25 May 2004 | Waiting for approval to commence the operations |

26. Earnings per share

Basic earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic earnings per share and diluted earnings per share.

Basic earnings per share

Net income attributable to equity holders of the parent

Effect of dilutive potential ordinary shares

Warrants

Diluted earnings per share

Net income of ordinary shareholders
assuming the conversion of
warrants to ordinary shares

| Consolidated financial statements | | | | | |
|-----------------------------------|-------------------------|--|---------------------------|--------------------|----------------|
| For the year ended 31 December | | | | | |
| Net income | | Weighted average number of ordinary shares | | Earnings per share | |
| 2009 (Thousand Baht) | 2008 (Thousand Baht) | 2009 (Thousand Shares) | 2008 (Thousand Shares) | 2009 (Baht) | 2008 (Baht) |
| 256,372 | 183,946 | 396,612 | 395,749 | 0.65 | 0.46 |
| - | - | 2,554 | - | | |
| 256,372 | 183,946 | 399,166 | 395,749 | 0.64 | 0.46 |

Basic earnings per share

Net income attributable to equity holders of the parent

Effect of dilutive potential ordinary shares

Warrants

Diluted earnings per share

Net income of ordinary shareholders
assuming the conversion of warrants
to ordinary shares

| Separate financial statements | | | | | |
|--------------------------------|-------------------------|--|---------------------------|--------------------|----------------|
| For the year ended 31 December | | | | | |
| Net income | | Weighted average number of ordinary shares | | Earnings per share | |
| 2009 (Thousand Baht) | 2008 (Thousand Baht) | 2009 (Thousand Shares) | 2008 (Thousand Shares) | 2009 (Baht) | 2008 (Baht) |
| 357,904 | 300,068 | 396,612 | 395,749 | 0.90 | 0.76 |
| - | - | 2,554 | - | | |
| 357,904 | 300,068 | 399,166 | 395,749 | 0.90 | 0.76 |

27. Segment information

The Company's and its subsidiaries' operations involve a single major industry segment, the manufacture and distribution of jewelry which is carried on in both Thailand and overseas, while a subsidiary company carries on dormitory rental in Thailand. Below is the consolidated financial information of the Company and its subsidiaries for the years ended 31 December 2009 and 2008 by segment.

(Unit: Million Baht)

| | The manufacture and distribution of jewelry | | | | Dormitory rental | | Elimination of inter-segment revenues | | Consolidation | |
|---|---|-------|----------|-------|------------------|------|---------------------------------------|---------|---------------|-------|
| | Domestic | | Overseas | | Domestic | | | | | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Revenue from external customers | 1,954 | 2,118 | 1,710 | 1,912 | - | - | - | - | 3,664 | 4,030 |
| Intersegment revenues | 1,599 | 1,791 | 93 | 133 | - | - | (1,692) | (1,924) | - | - |
| Total revenues | 3,553 | 3,909 | 1,803 | 2,045 | - | - | (1,692) | (1,924) | 3,664 | 4,030 |
| Segment income (loss) | 482 | 564 | (150) | (185) | - | 1 | 32 | (7) | 364 | 373 |
| Unallocated income and expenses: | | | | | | | | | | |
| Interest income | | | | | | | | | 3 | 4 |
| Share of income from investments in associates | | | | | | | | | 5 | 7 |
| Loss on exchange | | | | | | | | | (21) | (88) |
| Allowance for impairment loss on goodwill | | | | | | | | | - | (62) |
| Finance cost | | | | | | | | | (44) | (56) |
| Corporate income tax | | | | | | | | | (50) | (34) |
| Minority interest | | | | | | | | | (1) | 40 |
| Net income attributable to equity holders of the parent | | | | | | | | | 256 | 184 |
| Property, plant and equipment - net | 483 | 465 | 76 | 81 | 26 | 29 | - | - | 585 | 575 |
| Other assets | 4,311 | 4,515 | 1,316 | 1,407 | 18 | 16 | (1,962) | (2,269) | 3,683 | 3,669 |
| Total assets | 4,794 | 4,980 | 1,392 | 1,488 | 44 | 45 | (1,962) | (2,269) | 4,268 | 4,244 |

Transfer prices between business segments are as set out in Note 6 to the financial statements.

28. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly, at the rate of 3 percent of basic salary. The fund, which is managed by TMB Bank Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2009, the Company contributed Baht 6.9 million to the fund (2008: Baht 7.3 million).

29. Dividends

(Unit: Baht)

| Dividends | Approved by | Total dividends | Dividend per share |
|--|---|-----------------|--------------------|
| Dividends in respect of the 2007 net income | Annual General Meeting of the shareholders on 18 April 2008 | 217,660,350 | 0.55 |
| Total dividends for 2008 | | 217,660,350 | 0.55 |
| Dividends in respect of the 2008 net income | Annual General Meeting of the shareholders on 23 April 2009 | 158,298,436 | 0.40 |
| Interim dividends for the period from January to June 2009 | Meeting of the Board of Directors No. 17/2009 on 1 September 2009 | 39,815,597 | 0.10 |
| Total dividends for 2009 | | 198,114,033 | 0.50 |

30. Commitments and contingent liabilities

30.1 Capital commitments

As at 31 December 2009, the Company had capital commitments of approximately Baht 2.5 million, relating to acquisition of machinery and computer programs.

30.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease and service agreements in respect of the lease of office building space, factories, motor vehicles, and equipment. The terms of the agreements are generally between 1 and 30 years.

As at 31 December 2009, future minimum lease payments required under these operating leases contracts were as follows:

| Payable within: | Million Baht |
|-------------------|--------------|
| Less than 1 Year | 19.4 |
| 1 to 5 years | 40.8 |
| More than 5 years | 44.3 |

30.3 Guarantees

- The Company has issued guarantees to secure bank overdrafts and credit facilities of its subsidiaries. As at 31 December 2009, there were outstanding guarantees of Baht 161 million and EUR 0.7 million, totaling of Baht 194.5 million.
- As at 31 December 2009, there were outstanding bank guarantees of Baht 1.4 million, GBP 20,000 and USD 2 million, totaling of Baht 69.2 million (The Company only: Baht 67.2 million) issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the ordinary course of their businesses.
- As at 31 December 2009, the Company and its subsidiaries have outstanding standby-letters of credit of USD 19.1 million and EUR 0.4 million totaling of Baht 654.8 million (the Company only: Baht 550.6 million).

31. Financial instruments

31.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 32 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivables, loans and other receivables as stated in the balance sheet.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relate primarily to cash at banks, trade accounts receivable, investments, loans to related parties, trade accounts and notes payable, bank overdrafts, short-term loans and long-term loans which are subject to interest. However, since most of the financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the Company and subsidiaries do not use derivatives to manage their interest rate risk. The details of bank overdrafts, short-term and long-term loans from financial institutions are set out in Notes 18 and 19 to the financial statements, respectively.

Significant financial assets and liabilities as at 31 December 2009 classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

Financial assets

| | | | | | | | |
|---|-------|---|------|-------|---------|---------|------------|
| Cash and cash equivalent | 100.9 | - | - | 176.4 | 182.9 | 460.2 | (1) |
| Trade accounts receivable - net | - | - | - | - | 883.7 | 883.7 | - |
| Amounts due from related parties - net | - | - | - | - | 15.7 | 15.7 | - |
| Short-term loans to related parties - net | 13.7 | - | - | - | - | 13.7 | 5.0, 8.0 |
| Deposits at banks with restrictions | - | - | - | 0.9 | 0.1 | 1.0 | 0.5 - 0.75 |
| Other long-term investments | - | - | 14.9 | - | - | 14.9 | 5.38 |
| Total | 114.6 | - | 14.9 | 177.3 | 1,082.4 | 1,389.2 | |

Financial liabilities

| | | | | | | | |
|---|-------|-----|-----|-------|-------|---------|-----------|
| Bank overdraft and short-term loans from financial institutions | 18.0 | - | - | 164.1 | - | 182.1 | (2) |
| Trade accounts and notes payable | 482.3 | - | - | - | 186.9 | 669.2 | 2.0, 2.05 |
| Long-term loans | 0.5 | 2.4 | 6.8 | 337.7 | - | 347.4 | (3) |
| Total | 500.8 | 2.4 | 6.8 | 501.8 | 186.9 | 1,198.7 | |

(1) 0.1 - 0.75, 1.15

(2) 7.20, 8.50, MMR, MOR, MOR+0.5, MLR-0.25

(3) 7.25, MLR, MLR+0.5, MLR-0.5, MLR-1

| Consolidated financial statements | | | | | | | |
|-----------------------------------|-----------|--------------|------------------------|----------------------|---------|---------------|---------------------|
| Fixed interest rates | | | Floating interest rate | Non-interest bearing | Total | Interest rate | |
| Within 1 year | 1-5 years | Over 5 years | | | | | |
| (Million Baht) | | | | | | | (percent per annum) |
| 100.9 | - | - | 176.4 | 182.9 | 460.2 | | (1) |
| - | - | - | - | 883.7 | 883.7 | | - |
| - | - | - | - | 15.7 | 15.7 | | |
| 13.7 | - | - | - | - | 13.7 | | 5.0, 8.0 |
| - | - | - | 0.9 | 0.1 | 1.0 | | 0.5 - 0.75 |
| - | - | 14.9 | - | - | 14.9 | | 5.38 |
| 114.6 | - | 14.9 | 177.3 | 1,082.4 | 1,389.2 | | |
| | | | | | | | |
| | | | | | | | |
| 18.0 | - | - | 164.1 | - | 182.1 | | (2) |
| 482.3 | - | - | - | 186.9 | 669.2 | | 2.0, 2.05 |
| 0.5 | 2.4 | 6.8 | 337.7 | - | 347.4 | | (3) |
| 500.8 | 2.4 | 6.8 | 501.8 | 186.9 | 1,198.7 | | |

Financial assets

| | | | | | | | |
|---|-------|-------|-------|-------|---------|---------|----------|
| Cash and cash equivalent | 75.0 | - | - | 140.1 | 61.1 | 276.2 | (1) |
| Trade accounts receivable - net | 23.5 | - | - | - | 877.4 | 900.9 | 7.5 |
| Amounts due from related parties - net | - | - | - | - | 161.4 | 161.4 | - |
| Short-term loans to related parties - net | 63.9 | - | - | - | - | 63.9 | 5.0, 6.5 |
| Deposits at banks with restrictions | - | - | - | - | 0.1 | 0.1 | - |
| Long-term loans to related parties - net | 29.5 | 191.8 | 168.6 | - | - | 389.9 | 7.5 |
| Investment in convertible debentures issued by subsidiary | - | - | 24.9 | - | - | 24.9 | 7.5 |
| Other long-term investments | - | - | 14.9 | - | - | 14.9 | 5.38 |
| Total | 191.9 | 191.8 | 208.4 | 140.1 | 1,100.0 | 1,832.2 | |

Financial liabilities

| | | | | | | | |
|---|-------|---|---|-------|------|-------|-----|
| Bank overdraft and short-term loans from financial institutions | - | - | - | 152.3 | - | 152.3 | MMR |
| Trade accounts and notes payable | 410.9 | - | - | - | 83.0 | 493.9 | 2.0 |
| Long-term loans | - | - | - | 290.9 | - | 290.9 | (2) |
| Total | 410.9 | - | - | 443.2 | 83.0 | 937.1 | |

(1) 0.1 - 0.75, 1.15

(2) MLR, MLR-0.5, MLR-1

| Separate financial statements | | | | | | |
|-------------------------------|-----------|--------------|------------------------|----------------------|---------|---------------------|
| Fixed interest rates | | | Floating interest rate | Non-interest bearing | Total | Interest rate |
| Within 1 year | 1-5 years | Over 5 years | | | | |
| (Million Baht) | | | | | | (percent per annum) |
| 75.0 | - | - | 140.1 | 61.1 | 276.2 | (1) |
| 23.5 | - | - | - | 877.4 | 900.9 | 7.5 |
| - | - | - | - | 161.4 | 161.4 | - |
| 63.9 | - | - | - | - | 63.9 | 5.0, 6.5 |
| - | - | - | - | 0.1 | 0.1 | - |
| 29.5 | 191.8 | 168.6 | - | - | 389.9 | 7.5 |
| - | - | 24.9 | - | - | 24.9 | 7.5 |
| - | - | 14.9 | - | - | 14.9 | 5.38 |
| 191.9 | 191.8 | 208.4 | 140.1 | 1,100.0 | 1,832.2 | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| - | - | - | 152.3 | - | 152.3 | MMR |
| 410.9 | - | - | - | 83.0 | 493.9 | 2.0 |
| - | - | - | 290.9 | - | 290.9 | (2) |
| 410.9 | - | - | 443.2 | 83.0 | 937.1 | |

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arise mainly from trading transactions and borrowings that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies of the Company and its subsidiaries as at 31 December 2009 are summarised below.

| Foreign currencies | Consolidated financial statements | | Separate financial statements | | Average exchange rate as at 31 December 2009 (Baht per 1 foreign currency unit) |
|--------------------|-----------------------------------|---------------------------------|-------------------------------|---------------------------------|---|
| | Financial assets (Million) | Financial liabilities (Million) | Financial assets (Million) | Financial liabilities (Million) | |
| US dollar | 17.4 | 16.5 | 25.0 | 14.0 | 33.37 |
| Euro | 0.7 | 0.1 | 8.5 | 0.1 | 47.79 |
| GBP | - | - | 5.9 | - | 53.03 |
| Indian Rupee | - | - | 34.6 | - | 0.72 |

The Company has entered into forward exchange contracts to sell foreign currency to hedge the foreign currency risk derived from cash receipts in foreign currency from customers. The contracts which remained outstanding on 31 December 2009 are summarised below.

| Foreign currency | Sold amount | Contractual exchange rate sold (Baht per 1 foreign currency unit) |
|------------------|-------------|---|
| US dollar | 12,190,487 | 33.15 - 33.52 |

31.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

32. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have an appropriate financial structure and preserves the ability to continue their business as a going concern.

According to the balance sheet as at 31 December 2009, the Group's debt-to-equity ratio was 0.49:1 (2008: 0.51:1) and the Company's was 0.34:1 (2008: 0.38:1).

33. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2010.



Pranda Jewelry Public Company Limited

www.pranda.co.th

28 Soi Bangna-Trad 28, Bangna, Bangkok 10260 Thailand

Tel : (66) 2361 3311, (66) 2393 8779

Fax : (66) 2399 4877