



# Jewelry Expertise



## Annual Report 2010

PRANDA JEWELRY PUBLIC COMPANY LIMITED

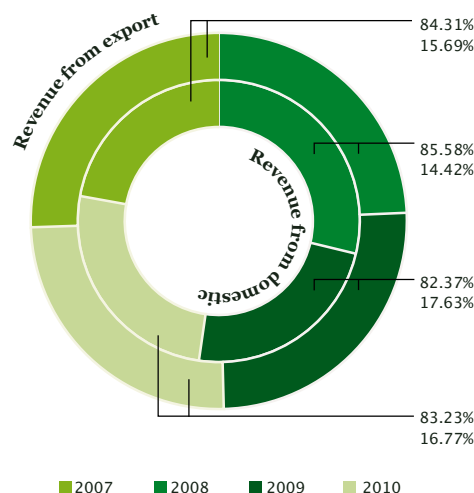


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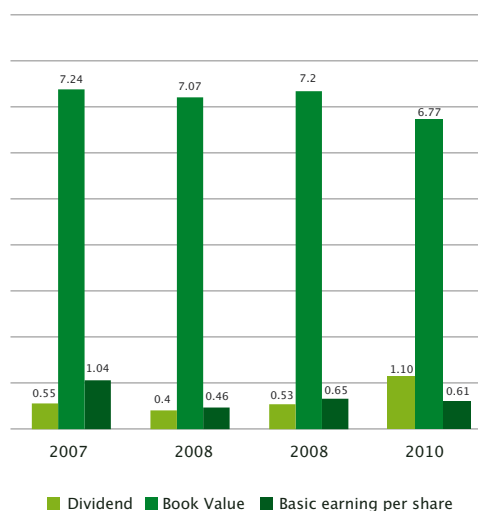
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# World Class Jewelry Brand Company

## Revenue Structure



## Data Per Share (Baht)



**37**  
Years since  
Pranda Jewelry's  
establishment

**More than**  
**8**  
Million pieces  
production capacity  
annually

**12**  
Own brands and  
licensed brands

**More than**  
**4,600**  
Points of sale  
of Company's own  
brands and licensed  
brands worldwide

## The Company's balanced management structure

### 1) Production

With focus on quality and affordable jewelry products, the Company have eight manufacturing facilities in five countries.

### 2) Distribution

The Company, through its subsidiaries and representatives, distributes its product worldwide. With 6 offices covering Europe, North America and Asia.

### 3) Retail

The Company, through its subsidiaries, manages retail operations in Thailand, China, Vietnam, and Indonesia.

### 4) Brand management

The Company develop and manage own and licensed brands which are marketed worldwide under the Company's registered trademarks.







# Jewelry Expertise

“ With more than three decades of experiences in design development and manufacturing of high quality jewelry, today, PRANDA has become the leader in integrated jewelry business which can serve leading brand clients across the world. Its potentiality, readiness, and full experience encourage the Company to develop its own jewelry brand to serve the need of international consumers. ”





# Expertise in Design and Craftsmanship

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PRANDA's business growth and being accepted among customers from all over the world are due to its working side by side with customers in terms of designing and developing new products which are unique and well-accepted among jewelry markets of each country.

With the combination of the capability of **“human”** which PRANDA highly focuses, the Company can create high quality products by more than 5,000 skillful craftsmen and supporting personnel from 8 factories in 5 countries. The efficient management of the manufacturing and resource allocation has led to PRANDA's high quality jewelry products, creating value added to its trading partners, as well as satisfying consumer preferences.

# PRIMA GOLD

## PRIMA GOLD

DIAMOND

PRIMA DIAMOND

PRIMA GOLD

PRIMA GOLD



# Expertise in Market and Brand Development

The Company's distribution network expansion through its establishment of subsidiaries in key strategic countries such as the US, France, UK, Germany, Indonesia, Vietnam, India, and China has brought to the Company's thorough understanding of market needs in each country. This market expertise has supported its trading partners to effectively receive business accomplishment which promotes the creditability and trust among the trading partners in jewelry business at international level.

In addition, PRANDA is confident that the uniqueness of jewelry products with prominent design, detailed craftsmanship, and vivid brand identity will be the drive to the acceptance of the consumers. In doing so, PRANDA has devoted its strength to create and develop its own brands to offer the best products to each potential market, which encourages the Company's business opportunity to grow with sustainability.



# Milestones



PRANDA's group of companies' business started from the exporting of uniquely designed jewelry to the United Kingdom under the name PRANDA Design, and soon after expanded to other countries in Europe. With its fast growth resulted from outstanding products and its endeavor to continually improve the product standard to satisfy market needs, the Company decided to construct its first manufacturing base on Bangna-Trad Road, Bangkok, starting from a few hundreds of staff and skilled craftsmen and the initial revenue of Baht 150 million per year.



Aiming to continuously improving the product quality and variety of designs, the Company established its own design and development center, comprising of competent designers and skilled master mold makers to serve the increase demand from the market. During the same period, the Company expanded its factory's capacity on Bangna-Trad Road, Bangkok and established a new manufacturing base in Nakorn Rachasrima Province which was under the operation of Pranda Jewelry Company Limited and established Crystalline Company Limited as a dedicated company for costume jewelry production. Moreover, the Company continues to expand overseas by building a manufacturing base in Vietnam under the name Pranda Vietnam as well as establishment of a joint-investment, Pranda SCL, in order to expand its jewelry production to Indonesia. Therefore, as of today, the Company has a capability of jewelry manufacturing in terms of industrial craftsmanship from 8 factories in 5 countries which cover every price level and are suitable for particular need of many countries. By the end of this period, the Company achieved revenue of more than Baht 1,200 million per year

**1973 – 1984**

**Establishment of foundations**

**1985 – 1995**

**Expanding production facilities & product development center**





The Company established its own distribution bases within key targeted countries, namely; Pranda North America, located in the United States of America to take care of trading partners and be responsible for the markets in the United States of America, Canada, and the nearby countries, Pranda UK, located in the United Kingdom to take care of trading partners and be responsible for the market in the United Kingdom, H. Gringoire, located in France to take care of trading partners and responsible for the market in France, Pranda & Kroll, located in Germany to manage the German and other members of European Union markets, Pranda India, located in India to take care of trading partners and be responsible for the market in India, P.T. Pranda SCL, located in Indonesia to take care of trading partners and be responsible for the market in Indonesia.

The result of the expansion of distribution bases increased the Company's ability to serve the demand of jewelry markets especially the world's leading jewelry brands which becomes the Company's core business focus. The revenue increased to be more than Baht 3,000 million per year during this period.



PRIMA GOLD is the first brand which brought reputation to the Company at the very beginning. With its first appearance to the eyes of the public, it took only 2 years to become one of the leading jewelry retail chains in Thailand market. The fast success in local market fueled PRIMA GOLD's expansion to many international markets. The PRIMA GOLD brand became the foundation which leads to the building of other brands of the Company in later periods. PRIMA GOLD also brought the reputation to Thailand by winning various international awards. With proven achievement in international markets, the Thai government by the Ministry of Commerce had decided to provide the prestigious Prime Minister's Award to PRIMA GOLD brand. Today, PRIMA GOLD continues to grow with distribution channels in 11 countries across Asia Pacific and the Middle East.

The achievement of PRIMA GOLD has led to the development of more than 12 brands today which are distributed across the world such as "Cai" which was launched in Europe in 2008, "V&A" and "Baldessarini" of which the Company had received the license for production and distribution since 2008 and 2010, respectively. The revenue soared to more than Baht 4,000 million per year.

**1996 – 2007**  
Increasing international  
presence

**2008 – present**  
Building own brands

# Our 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 Company Limited on April 27, 1984. It listed its ordinary shares on the Stock Exchange of Thailand on July 6, 1990 and converted company into a Public Company Limited on June 3, 1994. Currently, Pranda Jewelry Public Company Limited has registered capital of 410 million baht with 400.67 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 a 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 and 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 ha includes eight manufacturing facilities in five countries.

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 base expansion, the Company currently operated 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, The United Kingdom, Germany, France, Italy, Spain, Indonesia, Japan, China, Vietnam, India and Thailand. The Company's distribution channels main focus is in wholesaling to major trade customers. To date, the Company has six subsidiaries which function as the Company's main distribution base.







### 3) Retail

The Company has subsidiaries which are versatile in retail management both for own retail outlets and franchise enabling the Company to gain access to consumers. Currently, the Company operated its retail business mainly through four subsidiaries.



### 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 distribution rights in a bid to develop and create values to the brand portfolio of the Group.

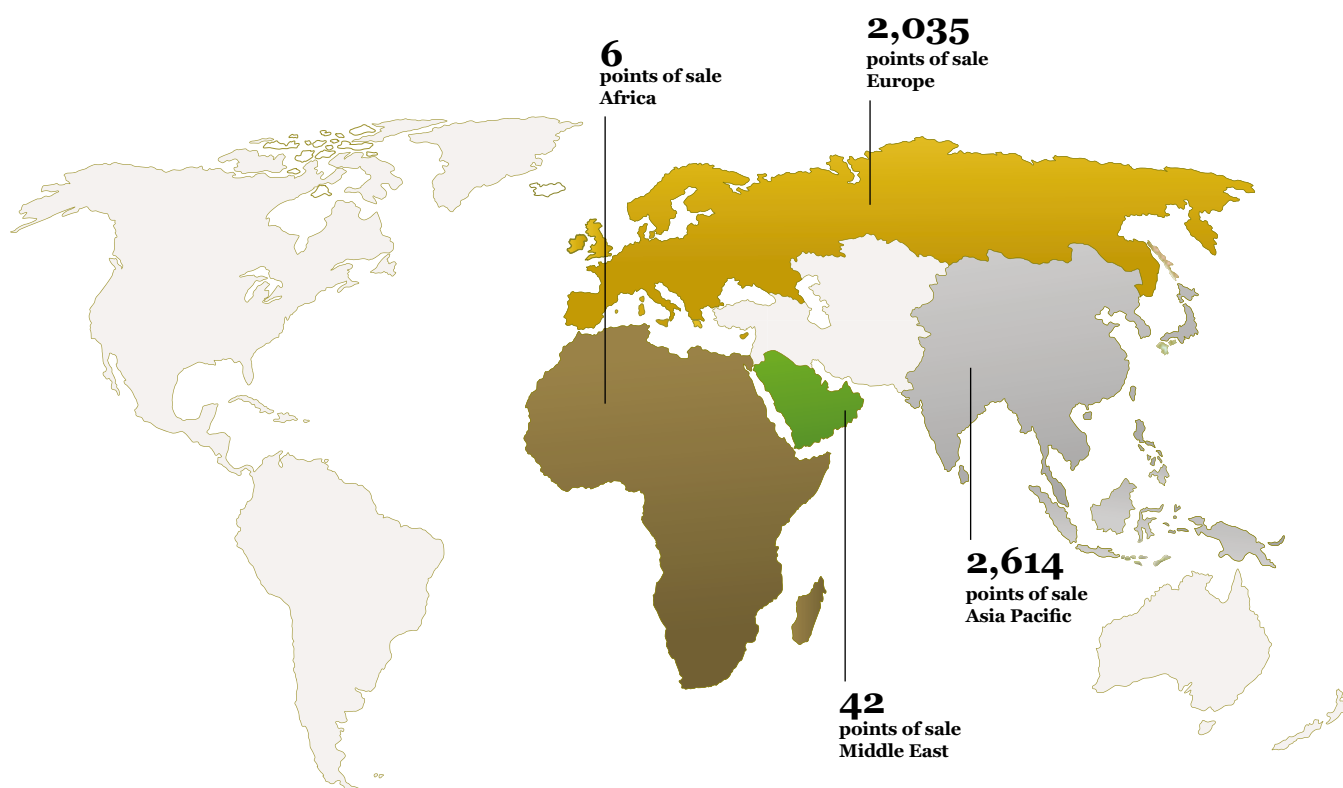


# Our Brands

To continue the vision to be the World Class Jewelry Brand Company through its more than 30 years of experience and expertise in jewelry manufacturing and distribution, together with its understanding of present jewelry market, PRANDA group of companies has continuously focused on marketing its own brands and licensed brands. The Company and its affiliated companies have jointly developed a portfolio of brands with different identities and positioning to serve the demand of each segment of customers.

At present, the Company's well-known brands in each targeted market consist of major 12 brands which are distributed in many countries across the world. In 2010, there were 2,035 points of sales in Europe, 2,614 points of sales in Asia Pacific, 42 points of sales in the Middle East, and 6 points of sales in Africa, totaling 4,697 points of sales worldwide.

## 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.



# PRANDA GROUP

PRIMA GOLD



## Our Brands



**PRIMA GOLD**

The everlasting essence of the absolute 24K gold jewelry – 99.9% purity in the endless pursuit of unique design and excellent craftsmanship



**PRIMA DIAMOND**

Superior diamond jewelry with a distinctive statement of luxury through unique and highly concentrated expression for modern working women



**PRIMA ART**

The Art of gold, handcrafted from the finest 24K gold – 99.9% purity of superior gold content, created by professional artisans to become an extraordinary artwork



**CENTURY  
GOLD**

Creative design on 96.5% gold jewelry with an exclusive refinement of both affluence and class of elegance for modern lifestyle



Joellier attitude  
Paris 1880

Established in Paris since 1880 and has ever since been the landmark for the finest expressions of designed 18K gold jewelry with premium quality gemstones



**Julia**  
JEWELRY

Modern, innovative and sensible 18K gold jewelry with diamond and in distinctive design, highlighting class and taste for casual and today's lifestyle



*esse*

Timeless collection of marcasite jewelry finely handcrafted for today's women, inspired by well-known design period from Victorian through Art Deco



*cai* JEWELS

International trend-oriented collection in 925 sterling silver for sophisticated women who prefer non-standard, extravagant jewellery, high-class design far from mainstream fashion



*Merii*

International fashion jewelry brand for women of all ages who love to emphasize feminine touch and are fashion conscious, mix and match style



KROLL  
*hearts*

A unique line of wedding bands in gold and platinum from classic to sophisticated designs, offered for custom-made service-made in Germany



BALDESSARINI

Exclusive high-end luxury menswear and men's accessories brand, for modern smart achievers who are full with passion for individuality and great attention to details (Licensed Brand)



V&A

Timeless jewelry collection inspired by artifacts from Victoria & Albert Museum, London, the world's leading museum of art and design (Licensed Brand)



# Financial Highlights

<b>CONSOLIDATE FINANCIAL STATEMENT</b>				
For the years ended	2010	2009	2008	2007
<b>FINANCIAL PERFORMANCE</b> (Million Baht)				
Sales	4,056	3,664	4,030	4,359
Cost of Sales	2,709	2,368	2,727	3,052
Gross Margin	1,346	1,296	1,303	1,307
Earnings before Interest and Tax (EBIT) <sup>/1</sup>	470	329	346	449
Financial Cost	35	44	56	51
Net income to Equity holders of the parent	243	256	184	406
<b>FINANCIAL POSITION</b> (Million Baht)				
Total Assets	4,231	4,268	4,244	4,431
Total Liabilities	1,517	1,402	1,436	1,552
Company's shareholders	2,714	2,866	2,808	2,879
<b>DATA PER SHARE</b> (Baht)				
Basic earning per share	0.61	0.65	0.46	1.04
Book Value per share	6.77	7.20	7.07	7.24
Dividend per share <sup>/2</sup>	0.50	0.53	0.40	0.55
Extra Dividend per share <sup>/3</sup>	0.60	–	–	–
<b>RATIO ANALYSIS</b>				
Gross Margin	33.19%	35.36%	32.33%	29.98%
EBITDA / Sales	13.40%	10.98%	10.27%	11.81%
EBIT / Sales	11.59%	8.98%	8.58%	10.08%
Net Income / Sales	6.00%	7.00%	4.56%	9.30%
Current Ratio (Times)	2.15	2.53	2.74	2.84
ROA	5.75%	6.01%	4.33%	9.15%
ROCE	12.53%	8.20%	9.12%	10.90%
ROE	9.00%	8.98%	6.57%	14.34%
Times Interest Earned (Times)	13.25	7.53	6.16	8.77
Debt to Equity Ratio (Times)	0.56	0.49	0.51	0.54

Note :

<sup>/1</sup> EBIT: Calculated as sales less cost of sales, selling expenses, administrative expenses and management benefit expenses

<sup>/2</sup> For operating result of 2010, the Board of Directors had a resolution to pay dividend at Baht 0.50 per shares Shareholder after approved by the shareholder's Annual General Meeting held on April 20, 2011.

<sup>/3</sup> During the year 2010, the Board of Director of the Company had a resolution to approve and make 2 extra dividend payments as follows:-

- The Board of Director's Meeting No. 13/2010 held on August 13, 2010 had a resolution to approve extra dividend payment from retained earnings, a net profit of year 2008 at the rate of Baht 0.30 per share
- The Board of Director's Meeting No. 15/2010 held on November 11, 2010 had a resolution to approve extra dividend payment from retained earnings, a net profit of year 2007 at the rate of Baht 0.30 per share

## Financial Highlights

SALES	EBITDA	EBITDA Margin	Dividend Yield
10.70%	35.13%	13.40%	9.44%

### Chart of Sales

(Million Baht)

2010		4,056
2009		3,664
2008		4,030
2007		4,359

### Chart of Profitability

(%)

2010		1,346/470/243
2009		1,296/329/256
2008		1,303/346/184
2007		1,307/449/406

■ Gross Margin ■ EBIT ■ Net Income

### Chart of Liabilities and Equity

(Million Baht)

2010		1,517/2,714
2009		1,402/2,866
2008		1,436/2,808
2007		1,552/2,879

■ Total Liabilities ■ Equity

### Chart of Capital Structure

(Times)

2010		0.56/13.25
2009		0.49/7.53
2008		0.51/6.16
2007		0.54/8.77

■ Debt to Equity Ratio (Times) ■ Times Interest Eamed (Times)

# Message from Chairman

## TO ALL SHAREHOLDERS

2010 was the third consecutive year of the world's economic slowdown when the debt crisis in Euro Zone was really severe which led to the much fluctuation and depreciation of the Euro. In addition, the economic crisis in the US had not been successfully solved since there were the decline of the consumer spending, high unemployment rate, and continuing trade deficit.

During the last year, the very important risk factor of Thailand which had an impact on the growth of its economy was the aggressiveness of the appreciation of the Thai Baht against the US and the Euro. As a result, Thailand could not compete with its competitor countries which produced the same products in the world's market. Also, with its political dispute which increased its aggression, the foreign direct investment was gradually decreased and sluggish.

Although there were many local and international risks factors of Thailand, the country's pleasant economic growth still came from its export. To consider the gems and jewelry industry of Thailand, there had been a continuous growth from the previous year which well reflected the competitiveness of the country. In 2010, the export of the gems and jewelry, accounted for USD 11.652 billion with the growth rate of 19.37%, was ranked third as Thailand's leading export.

The establishment of the strong foundation of PRANDA Jewelry Public Company Limited has expanded to 37 years, with high quality mass manufacturing and adaptive production set-up. There are 8 factories in 5 countries: Thailand, Vietnam, China, Indonesia, and Germany and distribution offices in 9 countries: Thailand, the US, United Kingdom, France, Germany, India, Indonesia, Vietnam, and China. The Company is also able to develop its own brand with the strength of own product design and development center. The Company is confident that it can move forward to be the "World Class Jewelry Brand Company" in the future.

With the integrated business strategy of manufacturing, management, and marketing with discipline, the Company has financially succeeded with continuous net profit, stable financial status, and high level of liquidity. In returns, the Company had paid the dividend for 10 consecutive years with an average dividend yield throughout 10 years of 9.44% per year. For the dividend payment from the net profit of 2009 with the total of Baht 211 million or Baht 0.53 per share, accounting for dividend payout of approximately 58.97% of the net profit which was in accordance with the dividend policy payment of no more than 60% of the net profit.

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**From Competitive capability of gems and jewelry industry, the export of the industry was ranked third as Thailand's leading export and having the growth rate of 19.37%**

**With the strong foundation, the Company is confident that it can move forward to be the "World Class Jewelry Brand Company" in the future**

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**From its financial success  
with continuous profit, the  
Company had paid the  
dividend yield throughout  
10 years of averagely  
9.44% per year**

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In addition, the Board of Director had approved a special dividend payment of Baht 0.30 per share from the retained earnings which was the net profit of 2008 which was accounted for the total of around Baht 119 million as well as approved a special dividend payment of Baht 0.30 per share from the retained earnings of 2009 which was accounted for the total of around Baht 120 million. Thus, the Company's dividend payment from the net profit of 2009 and special dividend of 2010 was in total of Baht 450 million or Baht 1.13 per share with the dividend yield of around 19.52% per year.

The operating results for 2010, the Board of Directors had a resolution to pay dividend at Baht 0.50 per share shareholders after approved by the shareholder's AGM on April 20, 2011.



## Message from Chairman

Despite the US's economy slower than expected recovery while the Quantitative Easing 1&2 had already been implemented, doubled with the debt crisis of the European Union's countries such as Greece and Ireland, and the abrupt appreciation of the Thai Baht, as well as the dramatic increase of gold and silver, the main materials, the Company's sales turnover was at Baht 4,056 million which increased from the previous year by 10.70%, the Gross Profit was at Baht 1,346 million, the Operating Profit was at Baht 470 million which increased from the previous year by 42.83%, and the Net Profit was at Baht 243 million which decreased from the previous year by 5.05%. due to an increase in foreign exchange loss by 128.75% from account receivable and loans to related parties

However, the consideration of the Group Company's Debt to Equity Ratio of only 0.56 times, the Interest Coverage Ratio of as high as 13.25 times, and its well liquidity maintenance, the Company's financial position will still solid.

2011 is still another challenging year because the world's economy shows a slowdown trend following the economy of the US, the European Union, and Japan, including the debt crisis and the financial sector situation in Europe. Furthermore, the Thai Baht tends to continuously strengthen which will decelerate the export. Moreover, the price of the main materials, gold and silver, tends to increase which will place pressure on the cost of manufacturing. However, with the economic expansion of the countries with fast economic development which consist of Brazil, Russia, India, China (BRIC) and other Emerging Markets, it will replace the economic slowdown of the developed countries.

For the operating plan of 2011, the Company focuses on the expansion of its own brands and licensed brands in Europe and Asia. The aim is to expand the distribution coverage by distributing to distributors and retailers in Europe and by expanding its own flagship shops and counters in Thailand, China, Indonesia, and Vietnam. Another focus is to maintain the long-term relationship with international trade partners who have their own brands. Also, the investment of the new factory in Suranaree Industrial Estate in Nakhorn Rachasima Province will lead to an increase of 10% of production capacity from the previous year. In addition, the new BOI privilege certificate helps the Company to receive tax privilege in this year.

Lastly, on behalf of the Board of Directors and the Executives of the Company, I'd like to express my gratitude toward all shareholders, all level of staff, and all Company's stakeholders for their trust in our operation and consistent support. The Board of Directors and the Executives will hold on to the Sufficiency Economy principles which consist of moderation, reasonableness, and the need of self-immunity, following the King's speech to be the management norm as well as to follow the Good Corporate Governance principles with the realization of transparency which can be examinable, business ethics, and value creation enhancement of all related parties. I truly hope that we will continue to receive your support.

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**(Mr. Prida Tiasuwan)**

Board Chairman

# Vision, Mission & Core Values

## 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 VALUES

- Teamwork
- Continuous Improvement
- Stakeholder Focus





# The Board of Directors and Management Team





**Mr. Dusit Chongsutthanamanee**

Finance Director / Corporate Secretary

**Mr. Thanes Panjakrid**

Finance and Accounting  
Manager

**Mrs. Sarita Bunnag**

Independent Director / Audit Committee

**Mr. Verachai Tantikul**

Independent Director /  
Audit Committee

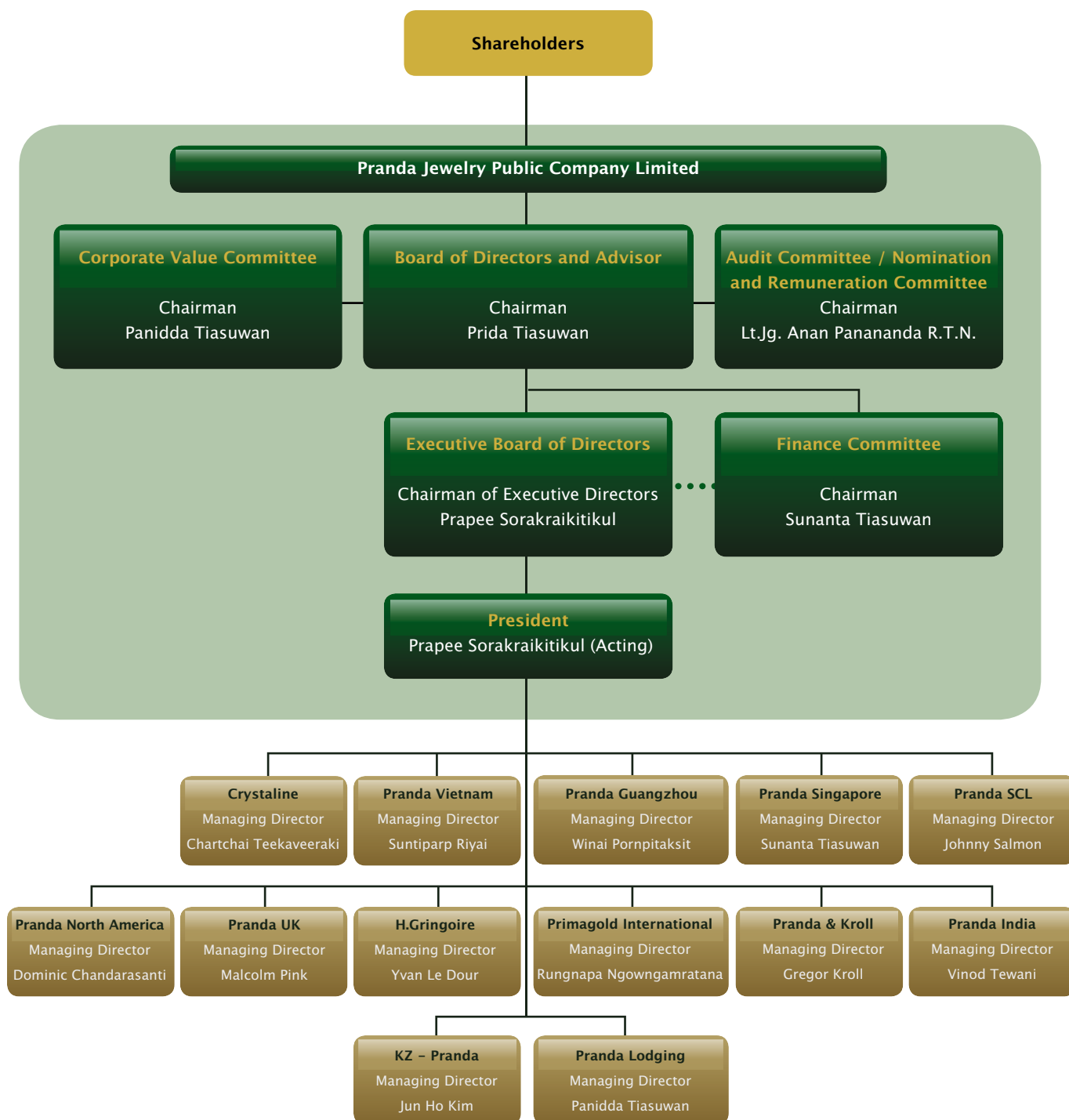
**Mrs. Pranee Khunprasert**

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

**Mr. Pramote Tiasuwan**

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

# Organization Chart



# Industry and Competition

The industry of gems and jewelry of Thailand depends mainly on the export. Thus, the industry is inevitably connected with the world's economy, particularly the economy of the US and the European Union. It can be said that if the economies of the US and the European Union expand, the export of the gems and jewelry industry will move the same way as the economy. Therefore, the subprime of the US, followed by the financial crisis of the European Union had significantly caused the decline of the industry's export expansion.

In addition, there were more risk factors on Thailand's export sector because of the continuing appreciation of the Thai Baht against the US Dollar, Pound Sterling, and the Euro when compared with trading partners in Asia which led to the respective decline of Thailand's competitiveness in the world's market.

Furthermore, the fluctuation of the price of gold and silver, the main materials of jewelry production, had dramatically increased with high volatility. It was the risk factor which affected the performance of the gems and jewelry industry. Although there were many risk factors which had an impact on the gems and jewelry industry, the industry showed a better growth rate from the previous year which well reflected the competitiveness of the industry. In 2010, the export of the gems and jewelry industry had the value of USD 11,652 million or the growth rate of 19.4% from 2009 when the export value was at USD 9,761 million. Also, the gems and jewelry was the third rank of export product of Thailand, in term of export value, after computer and computer components, automobile parts and components, respectively. The export value of gems and jewelry in 2010 was at 6.0% of Thailand's total export value.

With the industry's structure of skilled workers development to mainly create value added in terms of economy, the government has seriously supported the industry. The support is implemented through the VAT exemption of the main materials imported, namely, gold, silver, and recently,



gemstone, promoting Thailand as the world class hub of gemstone trading, encouraging the private sector to open new markets, and issuing special loans to the industry with the support from both public and strong private sectors.. Therefore, the Company is confident that the industry can maintain its competitiveness in the world's market and long-term continuous growth.

According to the export information tracked back in the past five years, it shows the industry growth of more than 10% per year which reflects that the competitiveness of the gems and jewelry industry of Thailand is capable of competing against its competitor countries.

Currently, the major competitors of the gems and jewelry industry of Thailand are China and India where the production of jewelry is based largely on skilled labors. However, jewelry from Thailand is still regarded as superior quality over China and India. In anycase, China does have an advantage over Thailand on machine intensive product. Therefore, the jewelry industry in Thailand must focus on production of medium-high product quality, primarily from further developing the skilled workers and develop its own brand to reach international level in order to maintain the long-term competitiveness.

At last, the popularity trend of the products tends to shift from gold jewelry to silver jewelry which causes the shift of material used as a result of the high price of gold when compared with silver, and the gold price tendency to increase during the fragile world's economy period. In 2010, the export of silver jewelry had a growth of 36.4% while the gold jewelry had a growth of 16.7%.

# PRANDA's Direction

Our vision is to be the “**World Class Jewelry Brand Company**” of which we can accomplish through the business strategy with long-term focusing on Own Brand Manufacturing (OBM) to reach international level and on maintaining relationship with trading partners who have their own brands Original Design Manufacturing (ODM)





## OWN BRAND MANUFACTURING: OBM

PRANDA's Own Brand Manufacturing (OBM) consists of two groups: Precious Product and Lifestyle Product. Important developments in 2010 are as follows:

**Precious Product** consists of PRANDA's own brands as follows:

**Prima Gold**, a 99.9% absolute pure gold jewelry, currently distributed through PRANDA's Own Flagship Shop & Counters, Independent Retailer, and overseas Franchises, has covered main markets in Thailand, Indonesia, Dubai, Oman, Egypt, Philippines, Malaysia, and India. The markets in Indonesia and India are the potential markets for growth.

**Prima Art**, a 99.9% gold sheet handcrafted art piece which is distributed through PRANDA's counters in leading department stores in Thailand and independent retailers in India, has expanded to cover more than 2,000 points of sales in India.

**H. Gringoire**, a European styled 18K gold jewelry set with color stones which is distributed to medium-high independent retailers in France, has revamp its brand image to be more modern and distinguished.

**Lifestyle Product** consists of PRANDA's own brands as follows:

**Caï**, a fashioned silver jewelry brand which is distributed through independent retailers and chain stores in Europe, has received well response for the recent launch of men collection. Currently Caï has more than 400 points of sales in Europe.

**Merii**, a fashioned silver jewelry which is distributed through independent retailers and chain stores in Germany and the Netherlands. The Germany's market has shown good potential for growth. Currently Merii has more than 450 points of sales in Europe.

**Esse**, a silver jewelry with marcasite which is distributed through PRANDA's own flagship shops and counters in leading department stores in China, has expanded to cover 13 points of sales in Shenzhen.

**Baldessarini**, a luxury menswear and accessories brand which PRANDA has obtained the license for produce and distribute jewelry worldwide, has received well response from Europe market. Currently Baldesarini jewelry has more than 200 points of sales.

In 2011, PRANDA plans to focus more on its own brands, particularly in China, India, and Europe. The Prima Gold brand has a plan to start more marketing activities in India in the form of wholesales through independent retailers and franchises. The Esse brand will expand its branches in Shenzhen and Beijing. The Caï brand will focus more on the Germany and Europe in the form of the distribution through independent retailers and chain stores.

## ORIGINAL DESIGN MANUFACTURING: ODM

PRANDA also maintains its existing customer base and continuously opens new markets in terms of manufacturing and designing with its customers through Original Design Manufacturing (ODM) of which consists of customers in many countries, namely, Germany, Australia, UK, France, Spain, Italy, US, and Japan through various distribution channels consisting of television, department store, chain store, and mail order/ catalogues.

For the year 2011, PRANDA's policy still aims to maintain its potential growth customers from the markets in the US and the European Union, as well as to open new markets i.e. Russia which shows potential growth. The Company is confident that the market risk diversification among important regions in the World, namely, the US, the European Union, and Asia, can preserve the long-term stability of growth to the Company.

# Social Responsibility

Pranda Jewelry Public Company Limited persists in business ethic, Good Corporate Governance, and social responsibility which cover all groups of stakeholders as well as environment consciousness by reflecting through corporate join value more than 3 decades of accumulated business operation experiences. The important business objective of the Company is the growth sustainability which is categorized into 3 ways as follows:

1. Encouragement of education and knowledge development
2. Encouragement of volunteer to community–society
3. Encouragement and enhancement of quality of life standard



- Bilateral Education System
- Children Day at school and communicates in the operating areas
- Knowledge–Experience Sharing

## Education and Knowledge Development

Education is the foundation of the future which is important for human development since human are a part of society and the growth of nation. Thus, the support of education to youth in many forms is one of the Company's policy and main activity distributed to the Thai society. In the past, the Company had organized activities and knowledge development as follows:

### • Bilateral Education System

To expand professional education opportunity to educational underprivileged children, the Company, in cooperation with the office of the royal initiative project of Her Royal Highness Princess Maha Chakri Sirindhorn, the Welfare Education Division, Suksasongkroh School, and Rajaprajanugroh school to provide further studies in the level of vocational certificate of gem and jewelry with the collaboration of the Royal Goldsmith Institute and Bangkok Arts and Crafts College. The project has been continuously organized for 10 consecutive years. Nowadays, there are 420 graduated students and 163 students are studying.

### • Arts for All for the Disabled

Pranda Jewelry Public Company Limited and Primagold International Co., Ltd. provided financial support to the “Art for All” camp for projects or activities of the foundation. The “Art for All” camp is for disabled youth to have an opportunity to learn the art in the same class as normal youth. However, the Faculty of Fine Art of Chulalongkorn University has organized activities with cooperation of 5 organizations.

### • Children Day at schools and communities in the operating areas

The Company provided stationary, sport equipment, and presents for kids at the annual activity of “Children Day” to schools in nearby communities such as Wat PongPloy Anusorn School, Wat PongPloy Anusorn Nursery, Bang Na District Office, Bang Na Police Station, and Male Juvenile and Boys Training Center – Baan Ubekkha.

### • Knowledge – Experience Sharing

Consistently, the Company’s executives have joined several seminars as guest speakers to share knowledge and experiences to several sectors of the society such as:

**Mr. Prida Tiasuwan, Chairman of Pranda Group** was invited to be a guest speaker of the seminar “Pioneering a new frontier for Thai industry” in which entrepreneurs, investors, students, and interested people attending the seminar held by National Institute of Development Administration (NIDA) at Chao Phra Ya Park Hotel

**Mr. Pramote Tiasuwan, Senior Vice President of Pranda Jewelry Public Company Limited** was invited to be one of the guest speakers at “CSR Thailand 2011–Go for it” held by CSR Club, Thai Listed Companies Associations, participated by representatives from listed companies and interested persons.

**Mr. Prida Tiasuwan, Chairman of Pranda Group**, was invited to be one of the guest speakers at “ Prof. Sangvian Forum 2010: Turn the context of Thailand”, participated by representatives from business sector, students, and people, held by the Faculty of Business Administration and Accounting, Thammasart University in cooperation with Ex-MBA, the Faculty of Business Administration and Accounting, Thammasart University

### • Cooperation with schools and organizations

The Company provides an opportunity for schools and organizations to visits the Company:



• Blessing for H.M. the King

Pranda Group of companies together with executives welcomed Social Venture Network (SVN) and Capital Rice Co., Ltd. visiting the Company’s debt reduction following the economic sufficiency project for the group of companies. Pranda Jewelry Public Company Limited was invited as a coach in “Economic Stability Promotion for Staff” project for Capital Rice Co., Ltd., since the Company has an experience in providing support of debt reduction among its staff.

**Mr. Pramote Tiasuwan, Senior Vice President** together with Executives welcomed Mr. Chaiyong Puengkietpairoj, Director of the Gem and Jewelry Industry Division and executives from the Bureau of Industrial Sectors Development, visiting organization management and administration and the operation of the Company’s staff

**Mr. Pramote Tiasuwan, Senior Vice President** together with Executives welcomed a group of government officers from Thailand Innovative Administration Consultancy Institute (TIA), visiting the Company’s support of virtue, ethic, staff’s quality of life, and social responsibility.

Pranda Jewelry Public Company Limited organized “Summer Internship 2010” to open an opportunity for students in provinces to join the project. This project was in cooperation with Rajapranugroh 33 school in Lopburi Province, Rajapranugroh 27 school in Nong Khai Province, and other schools, totaling 47 students joining the project. The project helped the students to earn income during school vacations and supported spare time spending for benefit, as well as provided training for children to understand working.

## Social Responsibility

### Volunteer to Community-Society

The Company has jointly promoted the education of realization of social responsibility to its staff and provided continuous support to social activities of institutions and charity organizations, depending on situation and occasions to relieve troubles and obstacles with the determination to create the utmost benefit to the society and community. In addition, the Company's staff is encouraged to use their skill, capability, and creativity for the benefit of the community and Thai society. Moreover, it is an opportunity for our staff to develop the leadership and understand the society's problems which, in return, enhance the quality of life of our staff, either working life or personal life. The followings are activities of volunteer to community and society:

- **Support of continuous economic sufficiency practice in working and living following the royal initiation of H.M. the King** among executives and staff which leads to happiness and peacefulness of the nation as a dedication to the royal charity.

- **Blessing for H.M. the King** as an expression of loyalty and realization of the royal grace toward the Thai people. The activity was a part of the King's Birthday celebration and Father's Day.

- **Financial charity for Thai people affected by crisis** such as consumption products provision with financial aid for flood affected people in provinces by donating through The Rajapranigroh Foundation Under The Royal Patronage as well as financial aid to earthquake affected people in the Republic of Haiti by donating through the Thai Red Cross Society.

- **Volunteer activity for the society encouragement among Executives and staff** was a part of the Corporate Social Responsibility policy (CSR) of the Company in which sharing and benefit interweaving were continuously performed and the staff had taken part in taking money and things which were donated by executives and staff for donation to Bangpakong Home for the Disabled and Phra Pra Daeng Home



- Finance charity for Thai people affected by crisis
- Staff volunteer to donate blood
- Volunteer activity for the society encouragement among Executive and Staff

for the Disabled, as well as donation of white rice, dried food, equipment, and playground equipment to Child Protection Foundation Baan Kru Yoon, and merit making by offering necessities and sets of monk's robe to the monks at Wat Suan Luang, Ampawa District, Smutsongkram Province.

- **Staff volunteer to donate blood to the Thai Red Cross Society** in every 3 months has been continuously performed since 1991.



- **Encouragement of business network for society and environment** of Pranda group of companies and business net work for society and environment members. It was the gathering of businessmen to exchange experience and to integrate the business of the similar paradigm of business operation with social and environment responsibility. The mission of the gathering was to promote and support the realization of business education through the respect of society and environment with the awareness of the right of community and society, and fair business operation for every concern.

- **Conformation to the Global Compact** The Company conforms to the Global Compact of the United Nations. PRANDA group of companies had participated in receiving the Global Compact principle on October 14, 2002. Throughout those years, the Company had realized the respect of environmental quality support, human rights, workforce enhancement, and anti-corruption through its membership of the Global Compact. This reflects that the Company has performed its business without neglecting society and environment which are the necessities of sufficient development of the gem and jewelry industry in which the personnel is the core of the business.

### Enhancement of quality of Life Standard

PRANDA group of Companies believes in potentiality and power of human and work process. The personnel is value resource which provide success to the Company. The group continuously offers support policy and personnel development through fringe benefit and safety, as well as sufficient work facility.

- **Attention for Staff**

As an attentive employer, the Company provides a fair opportunity for its staff by following the humanity and fairness principle. Thus, upon nomination of the Company,



• Attention for Staff

there is no prejudice against sex, nationality, religion, or social status. Moreover, there is a system of compensation, reward, and benefit for staff, including health insurance, annual health check up, social security, provident fund, insurance, life insurance, dental care, food and uniform, and parcel and mail delivery. In addition, there are full facilitated accommodation, club, library, and sport center. There are also other fringe benefits such as **Child Care Center for staff's children**. The Child Care Center was improved in last year to meet the development of children in terms of body, intelligence, and sociability. Also, **the Saving Cooperative for Staff** is to provide financial services, particularly, to educate the saving habit among staff. In addition, the group of companies also provided 51 scholarships for staff's children who had good grades. This could ease the cost of staffs who are members of the Saving Cooperative.

The **"Keep the Trash to Save the Environment"** project is the Trash Project to educate the benevolent awareness to the staff and personnel in the Company to be good persons of the society as well as to create good attitude toward trash management which leads to the awareness of value of the left material. As a result, this leads to the sufficient development of the Company's economic sufficiency guideline.

Social Responsibility

• Continuous Development to Culture Safety

The Company’s staff continuously receives training to increase knowledge and skill for their work. In addition, there are many qualified guest speakers from private companies, government agencies, universities, invited to provide specific knowledge. The staff equally receives opportunity and practice. The right of the staff is accepted through the establishment of the Welfare Committee to attend the meeting to create activities which provide mutual benefit. Moreover, there are trainings of safety and hygienic practice for staff with **the annual first aid training** to encourage the understanding and idea of the first aid and general principle of the first aid. This aims to achieve the awareness of the importance of good health of oneself, family, and other people. There was also **the training of fire protection and the initial fire** distinguishing and fire evacuation plan in the office building, factories through the

activity of **“Work Safety Week”** to educate the awareness of safety, occupational health, and environment and their importance. In addition, there are activities support the staff’s skill development in many areas such as V-Fast Workshop to encourage teamwork across the field to stimulate persons concern such problems to fully use their capability and potentiality.

The group of companies’ business operation in the past years is the confirmation of the Company’s perpetual good attention toward its staff, as well as the society as a whole. The most important thing is the business operation cannot be separated from the society. The business cannot focus on the profit and neglect the society. When the society encounters problems, the Company’s business will also experience a decline.



• Continuous Development to Culture Safety



# Revenue Structure

## 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 eliminate of inter-related company transaction items).

	2010		2009		2008		2007	
	Million baht	%	Million baht	%	Million baht	%	Million baht	%
Revenue from exports	3,376	83.23	3,018	82.37	3,449	85.58	3,675	84.31
Revenue from domestic sales	680	16.77	646	17.63	581	14.42	684	15.69
Total	4,056	100	3,664	100	4,030	100	4,359	100

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

Company	% holding	Type of Revenue	2010		2009		2008		2007	
			Million baht	%	Million baht	%	Million baht	%	Million baht	%
Pranda Jewelry Pcl.		Jewelry production and export	1,545	37.78	1,319	35.63	1,487	36.62	1,589	35.77
<b>Domestic Subsidiaries</b>										
Primagold International Co., Ltd.	100	Distribution of genuine gold jewelry, and diamond in Thailand	587	14.36	518	13.99	506	12.46	382	8.60
Crystalline Co., Ltd.	96	Production and distribution of costume jewelry	153	3.74	141	3.81	160	3.94	200	4.50
<b>Overseas Subsidiaries</b>										
Pranda North America, Inc.	100	Distribution of genuine gold jewelry and costume jewelry in the USA and Canada.	1,009	24.68	1,014	27.39	1,079	26.57	1,380	31.07
H.Gringoire s.a.r.l.	100	Distribution of jewelry in France and Europe	144	3.52	129	3.48	170	4.19	168	3.78
Pranda UK Limited	100	Distribution of genuine gold jewelry and costume jewelry in England and Europe.	184	4.50	204	5.51	301	7.41	322	7.25
Pranda Vietnam Co., Ltd.	100	Production and distribution of genuine jewelry	49	1.20	23	0.62	14	0.34	11	0.25
Guangzhou Pangda Zhubao Shoushi Youxian Gongsi	100	Production and distribution of genuine jewelry	30	0.73	24	0.65	44	1.08	49	1.10
Pranda & Kroll GmbH & Co. KG	51	Production and distribution of genuine jewelry	242	5.92	222	6.00	235	5.79	245	5.52
Pranda Jewelry Private Ltd.	51	Production and distribution of genuine jewelry in India	113	2.76	70	1.89	34	0.84	13	0.29
<b>Sales revenue</b>			4,056	99.19	3,664	98.97	4,030	99.24	4,359	98.13
Pranda Lodging Co., Ltd.	83	Property rental / Properties	14	0.34	14	0.38	14	0.34	14	0.32
Other revenues			19	0.47	24	0.65	17	0.42	69	1.55
<b>Total revenues</b>			4,089	100	3,702	100	4,061	100	4,442	100

# Shareholder Structure

## Shareholder

Shareholder	Number of shares	% Total Shares
Top 10 shareholders	227,118,060	56.68
General shareholders	173,550,294	43.32
General shareholders	400,668,354	100.00

## Share allotment by nationality

Shareholders by nationality	Number of shareholders	Number of shares	% Total Shares
Thai Shareholder	2,349	302,835,490	75.58
Foreign Shareholder	68	97,832,864	24.42
Total	2,417	400,668,354	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, 2010

Name of Shareholder	As at December 30, 2010	
	No. of Shares	% Total Shares
1. Thai NVDR Co., Ltd.	71,260,900	17.786
2. RBC DEXIA INVESTOR SERVICES BANK S.A.	24,337,900	6.074
3. Mr. Prida Tiasuwan	24,076,420	6.009
4. Ms. Pittaya Tiasuwan	17,590,960	4.390
5. NORBAX INC.,4	17,500,000	4.368
6. Mrs. Panidda Tiasuwan	15,668,560	3.911
7. THE BANK OF NEW YORK MELLON	15,628,000	3.900
8. Pranda Holding Co., Ltd.	14,692,900	3.667
9. Mrs. Prapee Sorakraikitikul	13,505,560	3.371
10. Mrs. Pranee Khunprasert	12,856,860	3.209

**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](http://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 November 30, 2010	
	No. of Shares	% Total Shares
1. RBC DEXIA INVESTOR SERVICES TRUST	26,000,000	6.49
2. THE BANK OF NEW YORK MELLON	22,900,000	5.72
3. SOMERS (U.K.) LIMITED	13,944,350	3.48
4. RAFFLES NOMINEES (PTE) LIMITED	4,781,450	1.19
<b>Total</b>	<b>67,625,800</b>	<b>16.88</b>

Note: According to information from [www.set.or.th](http://www.set.or.th)



# 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, 2010 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	Position	Date of office <sup>/1</sup>
1.	Mr. Prida Tiasuwan	Chairman	20 April, 2010 <sup>/2</sup>
2.	Mrs. Prapee Sorakraikitikul	Director	20 April, 2010 <sup>/2</sup>
3.	Mrs. Sunanta Tiasuwan	Director	18 April 2008
4.	Mrs. Pranee Khunprasert	Director	18 April 2008
5.	Mr. Pramote Tiasuwan	Director	23 April 2009
6.	Mrs. Panidda Tiasuwan	Director	18 April 2008
7.	Lt. Jg. Anan Panananda R.T.N.	Independent Director	23 April 2009
8.	Mr. Verachai Tantikul	Independent Director	23 April 2009
9.	Mrs. Sarita Bunnag	Independent Director	20 April, 2010 <sup>/2</sup>

Note:

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

<sup>/2</sup> The 2009 annual shareholders' meeting held on April 20, 2010 had resolutions to re-appoint the following directors including, Mr.Prida Tiasuwan Mrs. Prapee Sorakraikitikul and Mrs. Sarita Bunnag.

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 candidates' 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.

## Management Structure

(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.

(I) 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 (I), 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 Directors' 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 shareholders' 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.

## Management Structure

- 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 Corporate 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:-

Name		Position
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	Marketing and Sales
7. Mr. Chainarong	Jitmetta	Vice President

Name of the advisor to the Company's Executive Board of Directors. Mrs. Panidda Tiasuwan

### 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.

## Management Structure

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.

## 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:-

Name		Position
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 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, 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.
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.

## 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.

## Management Structure

### 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:-

Name	Position
1. Lt.Jg. Anan Panananda R.T.N	Chairman
2. Mrs. Prapee Sorakraikitiku	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 Tiasuwann
2. Ms. Pittaya Tiasuwan

### 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 eight members of the Finance Committee are as follows:-

Name	Position
1. Mrs. Sunanta Tiasuwan	Chairman
2. Mrs. Prapee Sorakraikitiku	Director
3. Mr. Pramote Tiasuwan	Director
4. Mrs. Pranee Khunprasert	Director
5. Ms. Pittaya Tiasuwan	Director
6. Mr. Decha Nuntanajaroenkul	Director
7. Mr. Chanat Sorakraikitikul	Director
8. 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:-

Name		Position
1. Mrs. Panidda	Tiasuwan	Chairman
2. Mr. Somsak	Srirueangmon	Director
3. Mr. Chartchai	Teekaveerakit	Director
4. Ms. Runghana	Ngowngamratana	Director
5. Mrs. Natthaporn	Jarukornvasin	Director
6. Miss Sasisopa	Wattakeecharoen	Director
7. Miss. 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.

## Management Structure

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 executives<sup>/1</sup> as at December 31, 2010 according to definition of the Securities and Exchange Commission is as follows:-**

Name	Position
1. Mrs. Prapee Sorakraikitikul	President
2. Mrs. Sunanta Tiasuwan	Chairman of Corporate Finance
3. Mrs. Pranee Khunpraser	Senior Vice President
4. Mr. Pramote Tiasuwan	Senior Vice President

Name	Position
5. Ms. Pittaya Tiasuwan	Vice President – Stones Management
6. Mr. Decha Nuntanajaroenkul	Vice President – Marketing and Sales
7. Mr. Thanet Panjakrid	Accounting and Finance Manager

Note: Executives<sup>/1</sup> 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 executives<sup>/1</sup>** 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 executives<sup>/1</sup> include the Company's president, senior vice president, assistant president and other positions determined by the Company's Board of Directors.



### **The Corporate Secretary:**

Mr. Dusit Chongsutthanamanee

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.

## Management Structure

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, 2010 and December 31, 2010.

(A) Remuneration to directors

(Unit: Million Baht)

Name	Salary / Bonus	Position's Allowance	Total
1. Mr. Prida Tiasuwan	5.084	-	5.084
2. Lt.Jg. Anan Panananda R.T.N.	-	0.855	0.855
3. Mr. Verachai Tantikul	-	0.747	0.747
4. Mrs. Sarita Bunnag	-	0.747	0.747
5. Mrs. Panidda Tiasuwan	2.859	-	2.859
Total	7.943	2.349	10.292

Note: Four remaining directors are not entitled to receive remuneration in item (A) but are made eligible to receive compensation in item (B)

(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	18.460

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 2010, 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	0.126
2.	Mrs. Panidda Tiasuwan	0.071
Total		0.197

(B) Executive directors and management

	No. (person)	Amount (Million Baht)
Executive directors and executives	7	0.460

2.2 Employee Stock Option Plan (ESOP) plan offered to the Company's directors and/or employees and/or subsidiaries. The meeting of 2007 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

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

No. (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. 1992 The Company has also informed the Company's Board of Directors every time there is purchase, selling, transfer or acquisition of securities. In 2010, the Company's Board of Directors has reported the shareholding by comparing an increase (decrease) between December 30, 2010 and December 30, 2009 as follows:

Name			No. of shares (shares)		No. of shares Increase (decrease) during the period (share)
			30 Dec 10	30 Dec 09	
1.	Mr. Prida	Tiasuwan	24,076,420	23,936,420	140,000
2.	Mrs. Prapee	Sorakraikitikul	15,668,560	16,233,960	(565,400)
3.	Mrs. Sunanta	Tiasuwan	12,856,860	14,316,860	(1,460,000)
4.	Mrs. Pranee	Khunprasert	13,505,560	14,025,560	(520,000)
5.	Mr. Pramote	Tiasuwan	10,506,260	10,540,560	(34,300)
6.	Mrs. Panidda	Tiasuwan	2,750,500	3,110,500	(360,000)
7.	Lt. Jg. Anan	Panananda	120,000	200,000	(80,000)
R.T.N.					

- 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.



# Good Corporate Governance Report



**VERY GOOD CORPORATE GOVERNANCE SCORING**

## Good Corporate Governance Report



The Company determines to operate its business on the Good Corporate Governance principles with the education of working awareness and morality to its employees as well as places an importance upon business operation with the fair realization of all shareholders and stakeholders. The Company has established a written Good Corporate Governance policy since 2000 as a scope of operation for the Board of Directors, Executives, and all employees to routinely apply the Company's Good Corporate Governance principles with all level of management of the business till the principles become good corporate culture which lead to the mutual value for practices such as providing fair treatment to all stakeholders, full capacity of operation for the Company's benefits with integrity, transparency, and can be examined. In 2007, the Company's Good Corporate Governance Policy was enhanced to be Corporate Governance Manual (CG Manual) by adding important policies of the Company to be in accordance with the Good Corporate Governance Principles for Listed Companies 2006 of the Stock Exchange of Thailand as well as following the OECD Principles of Corporate Governance. In 2008, the Board of Directors had considered the 2nd improvement of the context of the Company's CG Manual, with appropriate rearrangement with additional complete details following the Securities and Exchange Act (No. 4) B.E. 2551, the Chapter 3/1 "Governance of Publicly Traded Company", which was distributed on December 9, 2008 to the Board, Executives, and employees for acknowledgement and practice, as well as disseminated to all related parties through the Company's website.

With such a determination, the Company received the 4 stars from the Corporate Governance Report of Thai Listed Companies 2010: Very Good from the survey of Corporate Governance Report of Thai Listed Companies by the Thai Institute of Directors (IOD). The Company was one of 179 listed companies which received "Very Good" from the total of 480 listed companies. In addition, the Company was one of 479 listed companies which received "Excellent Good" from the quality assessment of the 2010 Annual General Meeting of Shareholders by the Thai Investors Association which assessed 479 listed companies. The results indicate that the Company has continuously placed and importance Good Corporate Governance development with determination which the important factor is reflecting the efficient corporate administration to long-term create value added to the shareholders.

The Company still maintains its compliance to the Good Corporate Governance policy which the Company has stipulated, as well as provides improvement and guidelines development by annually disclosing the compliance result. For the year 2009, the Board of Directors supervised the strict compliance of the Good Corporate Governance policy of the Directors, Executives, and employees. Thus, there was no incidence in which non-compliance against the Company's Good Corporate Governance policy was occurred and the results of the compliance are as follows:

### Good Corporate Governance Policy

The Board of Directors of the Company had established a written Good Corporate Governance policy as a principle of operation for the Directors, Executives, and all employees. The policy received the improvement twice to be the Corporate Governance Manual of CG Manual. The Corporate Governance principles of the Company are in accordance with His Majesty the King's economic sufficiency philosophy with the royal remark for sustainable development. The philosophy focuses on the balance and readiness to quick changes which places an importance upon knowledge usage with carefulness and morality which are the same as the Company's 8 basic principles, namely:

1. Accountability – To be responsible for the decision and action of oneself and to explain the decision making;
2. Responsibility – To be responsible for the operation of the duty with sufficient capability and efficiency;
3. Integrity
4. Equitable treatment to stakeholders
5. Transparency in the operation which can be examined and of the information disclosure to related parties;
6. Business Ethics
7. Vision to Create Long Term Value to the Company;
8. Corporate Social Responsibility

The Company also follows the guidelines of the Good Corporate Governance as promoted by the Stock Exchange of Thailand with the determination for the Company's Board and Management to enhance the Corporate Governance to reach the international standard for the benefit of the Company and the competitiveness and growth of the Thai Capital market, as well as to support Thailand's economic sustainable growth. The Company's Good Corporate Governance principles can be divided into 5 categories:

### Section 1: Responsibility of the Board of Directors

#### 1. Leadership and Vision

The Board of Directors, as a representative of the shareholders, is entitled to supervise the management and administration of the Company to comply with the law which follows the objective and regulations of the Company. Also, the philosophy of economic sufficiency shall be applied with the business operation with the stipulation of vision, mission, strategy, policy, objective, and business plan of the Company to follow the principles of "Growth Sufficiency", "Reasonability of Business Operation", and "Good Protection for Business", of which are mainly under the expertise and ethical business operation.

The Board of Directors has appointed the Share Value Promotion Committee to promote Share Value among the group of companies. The employees have to thoroughly take part and systematically improve share activities with continual, including harmoniously apply the project activities with way of operation and way of life following the mutual share value.

The scopes of work of the Share Value Committee's promotion are as follows:

- **Employee Saving Cooperative of PRANDA Jewelry Public Co., Ltd.**

It was established in 2008 with more than present 2,000 members. The objective of the establishment is to encourage saving members to save their income for stability of wealth and appropriate benefit as well as to promote self assistant and mutual members assistant through financial service to the members and to support the members' learning and quality of life development. In 2010, there were 51 scholarship worth Baht 72,000 provided to children of the Company's employees.

## Good Corporate Governance Report

### • Education and Career Project for the Disabled

The Company, in cooperation with the Royal Goldsmith, School for the Deaf, and Ratchasuda College, Mahidol University, accepted the students with hearing problem, following the royal initiation of Her Royal Highness Princess Maha Chakri Sirindhorn, including Nakhorn Luang Polytechnic College, for the internship and employment. At present, there are 25 students accepted. As a result, the Company received the P.M. Award, under the category of Thai-Owned Brand to provide professional support to the disabled, from Prime Minister Abhisit Vejjajiva.

### • CSR Project

The Company had organized many activities for the society such as being invited to be a guest speaker of “CSR Thailand 2011 – Let’s Go for It” held by the CSR Club of the Thai Investors Association under the subject of “How to do CSR to corporate create value added?” In addition, the Company has joined the blood donation with the Thai Red Cross in every three months since 1991.

### • Dual System Education

It is the project between the Royal Goldsmith and the Bangkok Arts and Crafts College to organize the “Dual System” of vocational education in cooperation with the Office of the Non-Formal and Informal Education to expand the vocational education opportunity to the disadvantaged students to study in the Dual System at the vocational certificate level of gems and jewelry. The project has been organized for 10 consecutive years with the total graduated students of 420 students, and 163 studying students. Thus, the Company received an honorable plaque from Narisara Chavaltanpipat, Deputy Minister of Education, as the Company provided a good support to vocational education on occasion of 68th Anniversary of Thai Vocational Education.

### • Nursery Center

The Company has operated Nursery Center for more than 25 years. It is to help taking care of children of the Company’s employees. Till today, the Nursery has taken care of

more than 927 children. It is a social enhancement under PRANDA’s umbrella following the Company’s policy to create PRANDA as a second home.

### • Self-learning Center

The Company’s library has been in operation for 4 years which aims to promote the employees’ knowledge, capability, and useful spare time spending, reading with internet service for searching information and various kinds of books such as books for knowledge or general magazines of more than 2,000 books. It is opened from Monday to Saturday, and is expanded to Sunday for the employees to have quality time with their families during the holidays. At present, the employees receive the service at the average of 300 times per month.

### • Community Support

The Company provides stationary and presents to children on the National Children Day from Wat Pong Ploy Anusorn School, Child Development Center at Wat Pong Ploy Anusorn, Bang Na District Office, Bang Na Police Station, and the Training Center for Boys Baan Ubekha, which is held every year to create good relationship between the organizations and the community.

### • Share Value Activity

The activity aims to create share value among the group of Companies with thorough mutual share of the employees, continuous systematic activity improvement, as well as accordingly applying activities and projects with the operation method and way of life with harmony following the mutual share value. The “Share Value” which everyone from the PRANDA’s group of companies has mutually stipulated consists of:

#### • Teamwork

Definition: Cooperative effort to enhance motivation which leads to mutual cooperation of all level of employees to achieve the Company’s goal

- **Continuous Improvement**  
Definition: To build up opportunity and see the importance of improvement, continuous improvement which always lead to better thing in terms of the level of personnel, units, and the Company following customers' needs and ever changing environment.
- **Stakeholder Focus**  
Definition: Attention, fairness, transparency must be performed during the operation by focusing on the benefit of stakeholders, namely, shareholders, employees, customers, trading partners, creditors, competitors, communities, and the society.

The aforementioned principles clearly indicate the Company's mutual abiding motto, **"Harmony, Seek Development, Create Value, and Maintain Morality"**.

Operational procedures of share values are as follows:

- 1. Communication to create understanding**
- 2. Encouragement, practice, and response of Share Value**  
with activities to continuously respond to 7 projects as follows:
  - Environmental conservation project: Improvement of classrooms' blinders, announcement board, and making of straw health pillow;
  - Debt reduction project: To organize presentation of knowledge on credit card, training on expenditures, and debt composition project with the cooperation with the Islamic Bank of Thailand;
  - Travelling reduction project: Buses are offered to pick up staff within the range of 5 kilometers and car owners are encouraged to register the car pool project.
  - Health promotion project: Activities of exercises such as Aerobics, Yoga, Futsal, weight lose training, cervix cancer and breast cancer check up, and health news dissemination.

- Innovation creativity promotion project: The activity is for employees to take part in increasing productivity by proposing idea for development and the improvement of machinery, production equipment, production method, or production process to increase productivity as targeted. There were 45 works submitted to join the project;
- Knowledge Development Project: The activities are organized to promote additional knowledge among employees, consisting of mobile library, in-house program "Easy Dharma" on every Buddha Day, storytelling activity at the nursery, and saving skill activity for employees' children, to encourage reading habit among employees and increase knowledge and take forth the knowledge for better life development
- The Core of PRANDA song: The Company's song, Green Heart, composed by Khun Kanching Devahasdin Na Ayudhya, was sung by the Company's employees who entered the Kareoke competition, in activity held during the safety week.

- 3. To the Society The Company had organized social activities** "Responsible for the society and environment."

## **2. Structure of the Board of Director**

The specification of the structure and composition of the Company's Board of Directors has been considered of the appropriateness of the structure of the present Board of Directors in comparison with duties of the Board to be in accordance with the Company's regulations and code of conducts concerning the Board of Directors which are stipulated by the Board of Directors (for the composition, qualification, and scopes and duties of the Board of Directors disclosed in "Management Structure".)

Presently, the 9 members of the Board of Directors are suitable with the Company's business. Each of the members possesses various qualifications in terms of knowledge,



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specific capability, work experience, skill, expertise, and age which are beneficial to the operation of the Board of Directors to determine the direction and policy of administrative supervision and operation of the management. The profiles of each member are disclosed in The Board and Management Biography. Nonetheless, all of the members of the Board of Directors have no criminal records concerning asset acquisition from corruption as well as no record of transaction which may lead to the conflict of interest with the Company

### 3. Power check and balance of Non-Executive Directors

There are 9 members of the Board of Directors which consist of 4 Executive Directors and 5 Non-Executive Directors. The Non-Executive Directors consist of 3 Independent Directors or no less than one-thirds or accounting for 33.33% of the Board of Directors to ensure their duties as representatives of shareholders with check and balance and appropriate examination. The Company has changed the "definition of Independent Directors", stipulated as the Company's Code of Conducts Re: The Board of Directors disclosed in Management Structure, in order to be in accordance with the principles specified by the Capital Market Supervisory Board (CMSB).

### 4. Integration and Separation of Position

The Company has separated the position of the Chairman and the Managing Director and they are not the same person in order to create check and balance of power and to prevent any conflict. The roles, duties and responsibilities are clearly separated as follows:

**The Chairman** has a duty as the strategic and supportive leader to encourage all members of the Board of Directors to attend meetings, supervise and support the management's mission operation through the Managing Directors with no interference over routine job or daily business which are responsible by the Managing Directors.

Although the Chairman of the Company is not an Independent Directors, the structure of the Board of Directors consists of one-thirds Independent Directors of the Board which lead to the suitable check and balance of power in the operation.

**The Managing Directors** has the main duty to supervise and manage the Company to follow the Vision, Mission, strategy, and policy specified by the Board of Directors.

### 5. Remuneration of the Board of Directors, Executive Directors, and Senior Executives

The Remuneration of the Company's Directors and Senior Executives has been clearly processed with transparency at the appropriate level within the same industry and is based on duties, responsibility, and connection to the Company's operating results. The Remuneration of the Board of Directors shall receive the consideration of screening from the Nomination and Remuneration Committee and shall be proposed to the Board of Directors prior to presenting to the shareholders' meeting for approval.

The Remuneration of the Executive Directors and Senior Executives shall be in accordance with the principles and policy stipulated by the Board of Directors which connects to the Company's operating results with annual Key Performance Indicator (KPI) and the Remuneration is paid in the form of monthly salary. The Remuneration of the Board of Directors, Executive Directors, and Senior Executives in 2010 is shown in "Management Structure".

### 6. Meeting of the Board of Directors

The Board of Directors' quarterly meetings are normally scheduled in advance for the whole year to facilitate the Directors' time for every meeting in order to maintain the Company's benefit. Special agendas may be held as appropriate. The meeting invitation letter with meeting document shall be send within no less than 7 days in advance to the Directors for studying and preparation for

the meeting. Normally, each meeting will take approximately 2–3 hours. The meeting report with important information will be recorded with accuracy and completeness within appropriate period. Also, the reports of the previous meetings of the Board of Directors which received acknowledgement from the Board of Directors are also well recorded for the auditing of the Board of Directors, shareholders, related parties, and can be referred to. The summary of the meeting attendance of the Company's Directors and the Sub-Committees in 2010 is illustrated in Table 1 at the end of this document.

### 7. The Sub-Committees

The Board of Directors has appropriately appointed important Sub-Committees which include knowledgeable and expertise persons to help screening assigned matters which lead to initial accuracy, clearness, and completeness prior to proposing to the Board of Directors for consideration of approval or acknowledgement, depending on the case, to support the management of the Board of Directors. There are 5 Sub-Committees, namely:

- 7.1 Executive Committee consists of 4 Directors from the 7 Executive Directors and 3 members are not in the position of the Company's Directors with the duties and responsibility to consider approval of the Company's supervision to be in the scope as authorized by the Board of Directors as well as to screen matters prior to proposing to the Board of Directors for consideration of approval.
- 7.2 Audit Committee consists of 3 Independent Directors: one of which has a good knowledge of financial and accounting, whose qualification completed as stipulated by the Stock Exchange of Thailand, appointed by the Board of Directors. The mission of the Board of Directors consists of review of the financial report, review of the internal control system, and organizing internal auditing system, review the Company's compliance to the Securities and Exchange law, the regulations of

the StockExchange of Thailand and related laws concerning the Company's business, consideration of selection and appointment of auditors, consideration of connected transaction or conflicts of interest transaction, providing report of the corporate governance of the Audit Committee which is disclosed in the Company's Annual Report and signed by the Chairman of the Audit Committee.

- 7.3 Nomination and Remuneration Committee consists of 6 Directors with an Independent Director in the position of Chairman. Though the 5 Directors are not Independent Directors, the process and procedures of the nomination of the Directors and Senior Executives follow the Best Practices with clearness and transparency as same as other listed companies in the same industry, and in accordance with the long-term benefit of the Company and all stakeholders.
- 7.4 Finance Committee consists of 4 Directors of the Company's Board of Directors and another 5 members are from the nomination of person with knowledge and expertise in business of specialty to seek funding and analyze investment, as well as to prevent and control risk factors which may have impacts on the Company's operation.
- 7.5 Share Value Committee consists of 1 Director of the Company's Board of Directors and another 6 members are from the nomination of the Executives of the Company and its subsidiaries to promote and connect the Company's vision to the habitual operation throughout the Company in the same direction under the scope of the Share Value with appropriateness and concreteness.

### 8. Report of the Board of Directors

The Board of Directors has a responsibility toward the consolidated financial statements and the Company's financial statements, including the financial information appeared in

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the Annual Report. The financial statements are implemented in accordance with the general accepted accounting standard in Thailand, and are disclosed with enough important information in the remark of the Company's financial statements.

The Board of Directors has to maintain the effective internal control system to reasonably ensure the accurate and complete accounting record of the information with efficiency to maintain the assets in order to prevent any significant abnormal operation.

### 9. Nomination and the Directors' positioning term

The Company has stipulated the term of the Company's Directors of which the details are appeared in this part under "Management Structure".

### 10. Succession Plan

The Board of Director has stipulated the succession plan of Chairman of Executive Committee and Executives level over Department Managers of the Company to maintain the confidence of the stakeholders such as shareholders, customers, and employees that the Company's operation will continue the stable growth policy with sustainability under the ethics for business operation. The Board of Directors has established projects for knowledge development to increase skill of the Executives to be suitable with their duties with appropriate assigned works.

### 11. Evaluation of the Board of Directors

The Board of Directors has stipulated the performance evaluation of the Board of Directors by following the evaluation form from the Stock Exchange of Thailand as a constant guideline of the evaluation and the scope of operational examination of the Board of Directors. The overall performance evaluation of the Board of Directors can be categorized into 10 subjects which are in accordance

with the Good Corporate Governance principles, namely, 1) Structure and qualification of the Board of Directors; 2) Roles, duties, and responsibility of the Board of Directors; 3) Meetings of the Board of Directors; 4) Duties of the Company's Directors; 5) Relationship with the management; 6) Self-development of the Board of Directors and development of the Executives; 7) Strategic and business planning; 8) Management of risk and internal control; 9) Prevention of conflicts of interest; and 10) Tracking financial reports and operating results. In 2010, the Board of Directors had performed their duties and responsibility with appropriateness following the Best Practice of the Directors.

### 12. Development of Directors and Executives

The Board of Directors has a policy for the newly appointed Directors by providing a brief information of business and structure of the group of companies, the operation of the group of companies, regulations, rules, important policies, and business ethics, including code of conduct of the Directors following the regulation of the Stock Exchange of Thailand the Securities (SET) and Exchange Commission (SEC) to ensure their complete capability as a listed company's Directors. In addition, the Company also provides presentations on jewelry industry, operating results, and present and future important project plan.

The Board of Directors has encouraged the Company's Directors to receive knowledge for continuous development to increase understanding of roles, duties, and responsibility, and promoted efficient performance skill as the listed company's directors through seminars held by related organizations such as the Institute of Directors (IOD) as shown in Table 2 at the end of this document.

In addition, the Company applies several training courses for Executives and related staff such as Corporate Secretary course, Good Corporate Governance course, Internal Auditing Course, and other related courses held by organizations and institutions to extend knowledge and

understanding of duties and responsibility as well as help fully support the performance of the Board of Directors and the Sub-Committees.

### 13. Corporate Secretary

The Board of Directors appointed Mr. Dusit Chongsutthanamane as the Corporate Secretary on December 19, 2008 to help proceed activities of the Board of Directors of the Company and the Company, namely, meetings of the Board of Directors and shareholders, providing suggestion to the Directors and the Company in the performance and the operation to be in accordance with law and other related rules with consistency. In addition, the Corporate Secretary has to ensure the accuracy, completeness, and transparency of the information disclosure of the Company's Directors and the Company to promote the corporate governance to be compliance with the Good Corporate Governance standard. The details of composition and qualification, including responsibility of the Corporate Secretary are in "Management Structure".

- The right to stocks trading or transferring
- The right to attend the shareholders' meeting
- The right to appoint proxies to attend the meeting and to vote on their behalf
- The right to propose remuneration of the Company's Directors
- The right to vote for appointment or demotion an individual Director
- The right to vote for appointment and propose the remuneration of the Auditors
- The right to vote for matters awaiting for the approval from the shareholders' meeting
- The right to receive the Company's profit sharing
- The right to express opinion and make inquiry at the shareholders' meeting as well as provide the alternative for the shareholders who cannot attend the meeting to appoint the Independent Directors as proxies to attend the meeting and cast the vote.
- The right to be equally informed of significant information or news of the Company in due time with accuracy, sufficiency, and can be examinable, of which the present information or news shall be informed via the website.

## Section 2: The Rights of Shareholders, Equitable Treatment of Shareholders, and Roles of Stakeholders

### 1. The Rights of Shareholders

The Company has determined to hold on to the policy concerning the responsibility toward the shareholders by establishing the written policy and announcing the implementation since 2000. The policy is improved and included in the manual of the Company's Corporate Governance principles which is disseminated through the Company's in-house communication channels, including its website in order to be treatment toward shareholders guidelines as they are the owners of the business which reflects the respect to the basic rights of the shareholders, namely:

### Shareholders' Meeting

The Board of Directors places an emphasis upon the organization of the Annual General Meeting of the shareholders to provide an opportunity for the shareholders, business owners, to acknowledge the Company's operating results and to take part in decision making of important matters of the Company, including to examine the operation of the Board of Directors and the Management of the Company. The Company's shareholders' meeting is compliance with the law and the guidelines in the AGM Checklist manual of the Thai Investors Association, the Thai Listed Companies Association, and the SEC.

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In 2010, the Company had held 1 shareholders' meeting, namely, the 2009 Annual General Meeting of Shareholders on Tuesday 20th 2010 at 14.00 hours, meeting room on the 2nd floor, the Company's Club. The Company had provided buses for picking up the staff from 12.00 – 13.20 hours at the parking lots of Tesco Lotus Superstore On Nuch near On Nuch BTS station. The Company also provided a suitable banquet to the attended shareholders as well as facilitation for the meeting with meeting registration and computerized voting system which were convenient to the shareholders. After the completion of the meeting, the shareholders were invited to visit the Company's business operation.

### Prior to the Meeting Date

With the resolution of the meeting of the Board of Directors to schedule the Shareholders' Annual General Meeting 2009, the Company had seek related information in advance for the shareholders' decision making with sufficiency in due time by implementing as follows:

- The Company had informed the meeting schedule and agendas to the shareholders through the electronic information communication system of the Stock Exchange of Thailand and the website of the Company in advance on February 26, 2010, or 52 days prior to the meeting date, before sending of the document to the shareholders.
- The Thailand Securities Depository Co., Ltd. (TSD), the Company's registrar, had sent the invitation letter of the Shareholders' Annual General Meeting 2009 with meeting agendas to the shareholders on April 9, 2010 which was in accordance with the law stipulating that a listed company shall send the invitation letter to the shareholders at least 7 days prior to the meeting date for the shareholders to sufficiently study the meeting information prior to the meeting. The aforementioned invitation letter and meeting documents had also been posted on the Company' website since March 19, 2010 for a month before the meeting date. The meeting invitation letter consisted of:

- Facts, reasons, and opinions of the Board of Directors
- A copy of the previous Shareholders' Annual General Meeting for the shareholders' consideration of approval
- The Company's Annual Report with important information concerning the Company and the operating results in the past year
- Details of information for consideration of every agenda such as the agenda of the appointment of Directors to replace the Directors whose term had reached completion. A short profile of the Director consisted of age, education, past and present positions, the Company's shares held, numbers of terms in the position of the Company, positions in listed companies and other business which might cause conflicts of interest with the Company, and other legal disputes.
- Explanation of proxy appointment, registration, showing the meeting document, and voting.
- Complete profile of Independent Directors whom the shareholders could consider as proxies.
- Meeting attending procedures
- The Company's regulations which were specifically related to the shareholders' meeting
- Map to the meeting's venue
- Three proxy appointment forms as stipulated by the Department of the Business Development, the Ministry of Commerce, consisting of Form A. for general proxy appointment which is simple and not complicated; Form B. for proxy appointment with clear ; and Form C. for foreign shareholders who wish to appoint custodians in Thailand as securities keepers.
- Reply envelop to return the proxy form to the Company (in case when the proxy provided to the Independent Directors)
- Announcement and advertisement of meeting invitation had been in the newspapers on April 12, 16, and 19, 2010, for 3 consecutive days and no less than 3 days prior to the meeting date as



stated in the Company's regulations and the Public Limited Company Act B.E. 2535.2553

- The Company's implementation guidelines has been continuously followed in every year concerning the minority shareholders as follows:
  - Proposition of the meeting agendas of the shareholders' meeting
  - Proposition of the candidates to be appointed as Directors
  - Inquiries to be submitted prior to the Shareholders' Annual General Meeting

The shareholders are invited to unofficially submit the aforementioned subjects in advance via the Company's website at [www.pranda.co.th](http://www.pranda.co.th) or [www.pranda.com](http://www.pranda.com) in October to December till the written information is received from the shareholders. Then, the Company will disclosed the reasons of the consideration of the Board of Directors to include or not include the subject proposed by the shareholders as meeting agendas in the website of the Stock Exchange of Thailand for equal acknowledgement.

For the 2010 Annual General Meeting of Shareholders, there were no shareholders proposing any meeting agendas, candidates to be appointed in the position of Directors, and any advanced questions. In addition, the Board of Directors of the Company had included an agenda of consideration of others (if any) for the shareholders to propose subjects for the meeting's consideration which was in accordance with the Public Limited Company Act B.E. 2535, Section which stipulates that the shareholders having shares in total of no less than one-thirds of the total sold shares may ask the meeting to consider other matters apart from matters indicated in the meeting invitation. It appeared that there were no other matters proposed at the meeting for consideration. There were only suggestions and inquiries which were recorded in the meeting report.

### The Meeting Date

The Company had facilitation for the meeting attended shareholders and the meeting was operated with transparency and could be examinable as well as the shareholders had a complete opportunity to make inquiries and provide suggestion in each agenda as follows:

- The Company focused on the convenience of the shareholders by providing bus services to pick up the shareholders at 12.00 – 13.20 hours from the meeting point at the parking lots of Tesco Lotus Superstore On Nuch near On Nuch BTS station to the meeting venue of the Company. There were enough parking lots for the shareholders with cars.
- The computerized registering and voting system were prepared for the shareholders to register at least one hour ahead of the meeting and continue till the meeting was finished. Souvenirs and a banquet were suitably offered to the attended shareholders.
- The 9 members of the Board of Directors had attended the meeting which accounted for 100% of the total Directors. Senior Executives and representatives of the auditors also attended the meeting to answer and acknowledge the opinions of the shareholders.
- Before entering the meeting's agendas, the Chairman of the meeting asked the Managing Director to explain the meeting and voting procedures.
- The meeting was proceeding with the order of the meeting's agendas which were informed in the shareholders' meeting invitation.
- Vote counting with voting card was included in the agenda required approval and the agenda of election of Directors for individual voting with transparency and could be examinable.
- The shareholders who attended after the meeting had begun had the right to vote in the agenda of which was in consideration and the resolution had not been finalized.

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- The meeting and voting of each agenda were completely recorded.
- Upon the completion of the meeting, the shareholders were invited to visit the Company's business operation.

There were 79 shareholders who attended the 2009 Annual General Meeting of Shareholders by themselves and by proxies with the total shares of 167,946,080 shares, representing 42.17% of the total sold shares of 398,254,572 shares.

### After the General Meeting Date

The Company informed the resolution of the Shareholders' Annual General Meeting 2009, indicating the number of votes of each subject with separation of votes, namely, "Agree", "Disagree", and "Abstain" with the indication of vote proportion of each type, of which the document was submitted to the Stock Exchange of Thailand and the online submission via the SET Community Portal (SCP) on the day after the completion of the meeting.

There were no changes of agendas order and no requests for the meeting to consider other matters which were not included in the 2009 Annual General Meeting of Shareholders.

The report of the 2009 Annual General Meeting of Shareholders was in a written form which completely concluded significant information of each proposed subject to the meeting, inquiries from the shareholders and explanation of the Board of Directors, as well as suggestion and additional opinion of the meeting, including the meeting's resolution with votes of each type and the portion of votes of each subject by the Corporate Secretary and signed by the Chairman of the meeting and the Company's Directors with authorization. The meeting report was submitted to the Stock Exchange of Thailand and the SEC, as well as the Department of Business Development for examination and reference. Also, it was posted on the Company's website at [www.pranda.com](http://www.pranda.com) on May 4, 2010 prior to the dissemination date of within 14 days after the meeting date as stipulated by law.

With the aforementioned proceeding, the Company received 99 points from 100 points, with the range of "Excellent Good" from the Evaluation of the Annual General Meeting of Shareholders (AGM) of the Thai Investors Association, the Thai Listed Companies Association, and the SEC. The Company was one of 479 listed companies to receive the points at the level out of 479 companies.

## 2. Equality of the Shareholders

The Board of Directors and the Management has held on to the principles of treatment to the shareholders as indicated in the rules and regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) to maintain the status of the listed company in the Stock Exchange by ensuring the shareholders' equitable treatment and receiving the basic protection to receive the Company's news and information. Apart from the compliance with the regulation of the information disclosure of the SET and the SEC, the Company has increased an access to the Company's information channel through the Company's website which receives continuous development. The information in Thai and English, consist Press Release, Analyst Meeting, Opportunity Day which is held at the SET, including offering an opportunity to the majority shareholders to propose matters to the Board of Directors for consideration to include the matters in the meeting's agendas. Also, they can propose candidates to be the Company's Directors as well as policy concerning confidentiality and access to undisclosed internal information which may lead to the dishonest benefit of oneself or others. The stipulation will be stipulated for the practice of the Directors, Executives, and all level of staff.

### 3. The Rights of Stakeholders

The Company respects the rights of all groups of stakeholders and has a policy to fully provide the rights to the groups, namely the internal stakeholders such as employees and Executives of the Company and its subsidiaries, and the external stakeholders such as shareholders, customers, trading partners, creditors, and competitors, including the public and the society. The treatment toward the stakeholders can be summarized as follows:

- Shareholders:

The Company determines to be a good representative of the shareholders by performing business with transparency and creating the utmost benefit to the shareholders with the realization of the long-term growth of the Company with satisfactory and continuous return. In each year the Company pays the dividend as the stipulated policy of the Company i.e. to pay the dividend of no more than 60% of the net profit. In the past 5 years, the Company had paid the dividend by 52.75% – 59.97% of the net profit of each year. Moreover, there was no action which prohibited or derogated the rights of the shareholders. In 2010, there were no complaints of disrespect of the basic rights of the shareholders or any wrong doings of the Directors of Executives concerning the access to the internal information.

- Employees:

The Company has realized the importance of the employees who are the main driver of the Company's growth. Thus, the Company's treatment to all employees of every level with equality in terms of providing continuous knowledge and capability development with consistency and appropriate fringe benefits and remuneration, including good working environment with safety. With the Company's receiving the Thai Labor-Standard (TLS. 8001 – 2546) Certificate Completion Level, Initiative Phase from the Department of Labour Protection, the Ministry of Labour, it is the safety guarantee of the employees. Also, the Company is considered to the organization to response to the government's policy to promote labour

welfare since it has a standardized nursery within the Company which has been continuously in operation. The Company received the Honorable Mention Award from Major General Sanan Kachornprasart, Deputy Prime Minister.

The Company has set up the Provident Fund for the employees to have stable future guarantee and the Saving Cooperative for the employees of the group of companies of PRANDA Jewelry Public Co., Ltd. to promote saving habit of the employees.

In 2010, there was no dispute case between the Company and the employees.

- Customers:

The Company has efficiently expanded its new customer base and still maintained its existing customers with products' quality at international level with appropriate price and impressive services.

In 2010, there was no dispute case between the Company and the Customers.

- Trading Partners and Creditors:

The Company's stipulated policy of procurement aims to appropriately perform business with the trading partners with fairness and efficiency by following an agreement with the trading partners and creditors to provide complete and actual financial information and to create good relationship which lead to the consistent confidence of the trading partners and creditors concerning the Company's financial status.

In 2010, there was no dispute case between the Company and the Trading Partners and Creditors.

- Competitors :

The Company's policy and treatment of the competitors are included in the manual of the Corporate Governance under the section of "Ethic" by accordingly treating the competitors with the international standard under the legal scope

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concerning the trading competition practices without violating or knowing the trading secret of the competitors through deceptive methods, of which the Company has strictly followed.

In 2010, the Company had no disputes with the trading competitors.

- Society and Environment :

The Company places an importance upon the conservation of limited natural resources with the utmost utilization for the sustainable abundance. Moreover, the Board of Directors has established the share value Committee to supervise and support social and environmental activities such as dual education system/ the education and career support to the disabled project/ the share and provide benefit to the society project/ relationship enhancement with the surrounded communities of which the details are indicated in the section of “Responsibility of the Board of Directors” under the subject Leadership and Vision.

In addition, the Company has continuously organized activities for the public’s benefits with the objective to create awareness of social and environmental responsibility among all level of employees. The details of the activities in 2010 are included in the subject “Social Responsibility.”

In 2010, the Company had no disputes with Society and Environment.

With its continuous compliance to the Good Corporate Governance principles in terms of society and environment, the Company was 1 of the 4 listed companies in the SET with market capitalization of not exceeding than Baht 10,000 million (Group 2) to be nominated for the Corporate Social Responsibility Awards 2009 (the award for the listed companies with the excellent business operation of social responsibility.)

### Communication Channels with Stakeholders

The stakeholders can directly communicate with the Company through the Company’s Directors or the Audit Committee, 28, Soi Bang Na – Trad 28, Bang Na Sub-District, Bang Na District, Bangkok 10260, or through the Company’s provided channels such as the Company’s website at [www.pranda.co.th](http://www.pranda.co.th), or the electronic mails (emails) as follows:

The Board of Directors	<a href="mailto:board@pranda.co.th">board@pranda.co.th</a>
Corporate Secretary Office	<a href="mailto:corporatesecretary@pranda.co.th">corporatesecretary@pranda.co.th</a>
Investor Relations	<a href="mailto:ir@pranda.co.th">ir@pranda.co.th</a>
Public Relations	<a href="mailto:pr@pranda.co.th">pr@pranda.co.th</a>

Other appropriate communication channels are also welcomed. Moreover, the stakeholders can inform of any clues or complaints about illegal action, unethical action, inaccurate financial report, or defected internal control system to the Audit Committee for further examination and reporting to the Board of Directors. For the important group of stakeholders of employees, the Company has provided guidelines and complaint process in the Company’s regulations concerning Human Resources Management.

## Section 3 Disclosure of Information and Transparency

### 1. Disclosure of Information

The Board of Directors has supervised the disclosure of information of the Company with accuracy, completeness, sufficiency, being present, in due time disclosure, transparency, can be examinable. Throughout 2010, the Company had disclosed the information in accordance with the SET’s regulations concerning the disclosure of information of the listed companies with completeness within the due period and submitted to the SET and the SEC, and submitted online through the SET Community Portal (SCP) where the Company’s information was disseminated to the shareholders via the SET’s website at [www.set.or.th](http://www.set.or.th) and other systems

of the SET. The disclosure of information of the Periodic Reports such as Financial Statements, the Annual Registration Statements (Form 56-1), the Annual Report (Form 56-2), etc. were reported with the total of 20 times. On the other hand, the Non-Periodic Reports such as the Annual General Meeting's schedule, date, and venue, including meeting agendas and the book closing date for collecting shareholders names for the right to attend shareholders meetings and the right to receive the dividend payment, details of annual dividend payment, including the interim dividend payment, notification of the resolution of the Annual General Meeting of Shareholders, notification of the procedure prior to the AGM date, notification of the appointment of the Executive Directors, notification of the allocation and details of the warrants of the Company to the Directors and the employees of the Company and/or its subsidiaries, and notification of the warrants exercises result of the Directors and the employees, and notification of the related transactions were reported with the total of 10 times.

The Company has always complied to the regulation of the disclosure of information with accuracy and has never been punished with the case of not submitting the report or delaying the report submission as stipulated by law. Since the Board of Directors places an importance upon any action or operation which does not limit the opportunity of the shareholders to study the information of the Company, the communication channels with the shareholders, including investors, people in general, and the public are established. Apart from the communication channel following the regulations and rules stipulated by above related law, to facilitate the through access to the information of the Company, the Company's website, [www.pranda.co.th](http://www.pranda.co.th), is established for information dissemination in Thai and in English under the section of "Investor Relations."

Apart from the aforementioned disclosure of information which was in compliance with the regulations stated by the SET and the SEC, in 2010, the Company had provided its information and important activities as follows:

- The Management Discussion and Analysis (MD&A) was aimed to quarterly provide analysis explanation of the financial status, operating results, and significant changes to the shareholders and security analysts via the SET Community Portal (SCP) of the SET with the financial statement;
- The dissemination of information through investor relations activities consisted of Company Visit for investors and interested group of persons, totaling 9 times, Opportunity Day which was held the SET on March 17, 2010, and August 24, 2010 at the Stock Exchange of Thailand Building for the listed companies to meet with the investors, analysts, and the press to provide information, movement, business operation, and future plan, and the quarterly Newsletter of PRANDA group of companies in Thai and in English;
- The information dissemination through the press, in 2010, was performed through 3 newspapers and 7 times on the television and the radio.

## 2. Financial report

The Board of Directors of the Company has assigned the Audit Committed to review the Company's financial report for accuracy, completeness, transparency, and sufficiency to maintain the assets, including preventing any corruption or abnormal operation, following the general accepted accounting standard, and laws and related notifications which lead to the stakeholders' confidence in the financial report. In doing so, the Audit Committee annually has at least 4 meetings with the Auditors without the presence of the Management to ask the Auditors in several matters. In addition, the Board of Directors has to provide the report of responsibility of the Board toward the financial report which covers important matters following the best practice for the Directors of the listed companies suggested by the SET. The report shall go with the report of Auditors. In 2010, the Auditors from Ernst & Young Office Limited were the



## Good Corporate Governance Report

Company's Auditors who had knowledge and professional skill with no conflicts of interest which might lead to the dependency, fairness, and completed qualification as specified to create confidence to the Directors and the shareholders that the Company's financial report reflected the accurate and creditable financial status and operating results of the Company in all aspects.

### 3. Investor Relations

The Company's Investor Relations is responsible of the communication of the Company's activities news which is beneficial to the investors to create good relationship between the Company and the shareholders, institute investors, general investors, securities analysts, the related government sector with equality, including planning of annual investor relations which is consistently joined by the Senior Executives of the Company. The Managing Directors and the related Senior Executives will present the operating results and provide additional information as well as answering the meeting's inquiries at meeting with securities analysts, investors, and the press. The contact person is Mr. Dusit Chongsutthanamane, telephone number 02-361-3311 extension 431, the Company's website is at [www.pranda.co.th](http://www.pranda.co.th), email is [ir@pranda.co.th](mailto:ir@pranda.co.th), or mails can be sent to the Company's address.

## Section 4: Risk Control and Management

### 1. Control System and the Internal Auditing

The Company sees the importance of the efficiency of the internal control system at the management and the operational levels. The scopes, duties, and authorization of operational executive level are clearly written to supervise over the Company's assets utilization with the utmost benefit, budgeting system and feasibility study of the investment project prior to the investment decision, as well as distinction of duties of the operator and the controller

whose evaluation is separated to create the check and balance and to appropriately examine each other.

On February 25, 2011, the Board of Directors had answered to the evaluation of sufficiency of the internal control system of the Company and its subsidiaries. The details of the evaluation are categorized into 5 topics, namely, 1) Organization and Environment; 2) Risks Management; 3) Operational controlling of the Management; 4) Information and Data Communication System; 5) Recording System. The important summary of the evaluation covering 5 categories is included in the "Management Structure."

### 2. Risks Management

The Board of Directors places an emphasis upon the risks management by assigning the Finance Committee to specify the scopes and policy of the risks management and to hold meetings every 6 months with the Executive Committee to stipulate and evaluate the risks caused by the internal and the external factors of the Company. In June and December 2010, the report of risks evaluation of each units of the Company was set up to stipulate the protection standard and risks management, including the guidelines of risks management to be at acceptable level. The risks which might have an impact on the Company's operation were stipulated such as Strategic risk, Operational risks, and financial risks. The details are included in "Risks Factors."

## Section 5: Ethics

### 1. Ethics

The Company stipulated the "Principles Practice of Responsibility for Executives and Staff of the Company" in written form on December 22, 2000 which is a part of the policy of Corporate Governance to be a guideline and best practice for the Company's Directors, Executive Directors, Executives, and all staff to strictly follow

based on the business operation focusing on efficiency, effectiveness, transparency, holding on to responsibility toward the stakeholders, and providing appropriate return to the shareholders, as well as creating stable growth with progression by consistently following the aforementioned practice. The Company's ethic covers responsibility of the Executives toward shareholders, customers, staff, trading partners and creditors, trading competition, society, and responsibility of the staff toward the Company.

### 2. Internal Information and Securities Trading

The Company gives an importance upon disclosure of financial information and other information concerning the business and the operating results of the Company with accuracy, completeness, sufficiency, creditability, in due time disclosure, consistency to the shareholders, investors, securities analysts, and other people in general. The Board of Directors is determined to ensure the strict compliance to laws and regulations, rules concerning disclosure of information and transparency. Upon any change of securities trading of the Company's Directors or Executives following the regulations of the SEC, the report will be always submitted to the Surveillance agency. The Company's internal information usage and securities trading are included in the manual of Corporate Governance in the section of Ethic under the subject of Internal Information and Securities Trading of the Company as follows:

#### 2.1 Internal Information Usage

- The Board of Directors, the Sub-Committees, Executives, and Staff of all levels shall maintain secrecy of the internal information and document which cannot be disclosed to the public and lead to the benefit of oneself or others.
- The confidential information of the Company such as the information concerning party of the contract shall not be disclosed to others unless it is received a permission from the Company and the party of the contract.

- The supervisors in each level shall be responsible for the control of any leakage of important information and news of the Company prior to their official dissemination. The violation shall be considered based on the disciplines of the Company.

#### 2.2 Securities Trading

- The Board of Directors and Executives are entitled to report the shareholding to the SEC in accordance to the Section 59 of the Securities and Exchange Act B.E. 2535, and to submit the report to the Board of Directors upon every trading, transferring, or receiving the transferred securities. The details of the share increase (decrease) in 2010 of the Directors and Executives are in the "Management Structure."
- When Directors or Executives learn about important internal information, including the Company's financial statements which have an impact on the change of the share price, a circular letter shall be sent to Directors and Executives indicating the avoiding or abstention from the Company's securities trading within the period prior to the dissemination of the aforementioned information.
- Personnel from all level of the Company and families shall not perform securities trading, or persuade others to buy, sell, offer, or bid the Company's shares either by themselves or through brokers when they still possess information which is not disclosed to the public.

The violator of the wrong doing of internal information usage will receive Disciplinary punishment or legal punishment depending on the case.

### 3. Connected Transaction

The Company and its subsidiaries holds on to the policy to perform connected transaction to be in accordance with general normal business operation and to provide the utmost benefit to the Company under the consideration of the Audit Committee of the Company's Auditors for appropriateness

## Good Corporate Governance Report

of price and reasonability of the transaction. The Board of Directors of the Company shall perform in accordance with law of the Securities and Exchange, notification, order, or regulation of the Stock Exchange of Thailand, including the regulation of the disclosure of information of connected transaction and the acquisition and disposal of the important assets of the Company following the accounting standard stipulated by the Federation of Accounting Professions.

The transaction between the Company or its subsidiaries with Directors, Executives, or related persons which follows the section 89/12 of the Securities and Exchange Act (No. 4) B.E. 2551, the Board of Directors has a resolution to theoretically approve the Management's authorization to approve the transaction when the transaction is the trading agreement which is generally practiced by reasonable persons to perform general contracting within the same situation. The trading negotiation shall be abstained from any influence of one's status as a Director, Executive, or related person when the transaction size is over 1 % of the total revenue of each ending of accounting period, of each time of the transaction, and shall be reported to the meeting of the Board of Directors as required by the Board of Directors.

#### 4. Conflicts of Interest

The Company has eliminated the transaction with conflicts of interest by following the "Practicing Principles of Responsibility of the Executives and the Staff of the Company" which focuses on negative impact controlling on the shareholders and prevents any conflicts of interest. In addition, the Board of Directors will provide careful supervision when there is a transaction with conflicts of interest by stipulating policy and procedures of approval of connected transaction, as well as providing complete information disclosure, including the stipulation of policy and supervision of the Company's internal information usage of the Executives and related persons for their own benefits as follows:

- When the transaction with possible of conflicts of interest, the connected transaction will be proposed to the Audit Committee to provide opinion which is in accordance with the regulations of the SET and the SEC before proposing to the Company's Directors for approval.
- The Company has stipulated that when Directors, Executives, or related persons have interest in the transaction with the Company, the conflicts of interest of the consideration of the transaction shall be announced and the related Directors or Executives are not permitted to attend the meeting at certain period of consideration.
- The disclosure of information of the transaction with possible conflicts of interest or connected transaction shall follow the stipulated transaction.
- The disclosure of information of business connection or business with interest relating to the Directors or Senior Executives shall be reported in every 3 months as information for controlling transaction with possible conflicts of interest and to be the data base for the disclosure of business list and connected enterprises in the remark of the financial statements.

Table 1 : Meeting participation of the Board of Director

Directors		Meeting attendance/ Total meetings (times)					
		The Board of Directors Totaling 16 times	Executive Committee Totaling 9 times	Audit Committee Totaling 4 times	Nomination and Remuneration Committee Totaling 2 times	Finance Committee Totaling 4 times	Share Value Committee Totaling 4 times
1. Mr. PRIDA	TIASUWAN	16/16					
2. Mrs. PRAPEE	SORAKRAIKITIKUL	16/16	9/9		2/2	4/4	
3. Mrs. SUNANTA	TIASUWAN	16/16	9/9		2/2	4/4	
4. Mr. PRAMOTE	TIASUWAN	16/16	8/9		2/2	4/4	
5. Mrs. PRANEE	KHUNPRASERT	16/16	9/9		2/2	4/4	
6. Mrs. PANIDDA	TIASUWAN	16/16			2/2		4/4
7. Lt.Jg. ANAN	PANANANDA R.T.N.	16/16		4/4	2/2		
8. Mr. VERACHAI	TANTIKUL	16/16		4/4			
9. Mrs. SARITA	BUNNAG	16/16		4/4			
10.Miss PITTAYA	TIASUWAN		8/9			4/4	
11.Mr. DECHA	NUNTANAJAROENKUL		9/9			4/4	
12.Mr. CHAINARONG	JITMETTA		9/9				
13.Mr. CHANAT	SORAKRAIKITTIKUL					4/4	
14.Mr. DUSIT	CHONGSUTTHANAMANEE					4/4	
15.Mr. SOMSAK	SRIRUEANGMON						3/4
16.Mr. CHARTCHAI	TEEKAVEERAKIT						3/4
17.Miss RUNGNAPA	NGOWNGAMRATANA						3/4
18.Mrs. NATTHAPORN	JARUKORNVASIN						4/4
19.Miss SASISOPA	WATTAKEECHAROEN						4/4
20.Miss SUPORN	RUNGPITAYATORN						3/4

Remark: No. 2-5 and 20-12 are 7 members of Executive Committee

No. 7-9 are 3 members of the Audit Committee

No. 2-7 are 6 members of the Nomination and Remuneration Committee

No. 2-6, 10-11, and 13-14, are 9 members of the Finance Committee

No. 6, and 15-20 are 7 members of the Share Value Committee

Figures in the table mean times of the meeting participation/ times of the meeting when the Directors were in the position.

## Good Corporate Governance Report

**Table 2 : Directors' Meeting Participation**

Directors		Courses						
		Director	Director	Audit	Finance for		Monitoring	Monitoring the
		Certificate	Accreditation	Committee	Non-Finance	DCP	the Quality	
		Program	Program	Program	Program	Refresher	Of Financial	Internal Audit
		(DCP)	(DAP)	(ACP)	(FN)	Course	Report	Function
							(MFR)	(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



# Internal Control System

## Internal Control

The meeting of the Board of Directors No. 4/2011 on February 25, 2011, attended by 3 members of the Audit Committee to provide opinion on efficiency and appropriateness of the internal control system was based on the "Sufficiency Assessment of Internal Control System" form of the Securities Exchange Commission.

The Audit Committee had reviewed the Internal Control System by focusing on practical examination with efficiency and effectiveness for continuous development. The report shall be further reported to the Board of Directors for acknowledgement. The Committee opined that the Company's Internal Control System was sufficient and appropriate, and there was no corruption or improper utilization of the Company's assets. The revision had followed the stipulated procedures of the government and corporate governance policy. The consultancy with the Auditors to evaluate the Internal Control System, it was opined that the system strictly followed the accounting standard with no significant flaw and was performed under the scope of the Internal Control which was in reference to the international standard of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) which related to the Company's business operation and management process with compositions and operation as follows:

### 1. Company and Environment

The Company provides support of good working environment with good management structure which is appropriate with the size and operation. The written form of Code of Conducts for all executives and staff is established to promote compliance of good corporate governance principle which leads to transparency. The policy and operating plan are established with the realization of fairness toward staff, clients, partners, including responsibility toward the shareholder, interest of investors and all stakeholders with fairness, information disclosure with accuracy, complete, transparency, punctuation, and the Internal Control System with efficiency and sufficiency.

In addition, the Company gives an importance upon personnel which receives the support from the Corporate Values Committee to promote mutual value creation to the group of companies by creating complete staff participation, activity improvement, systematic participation, continuous operation, as well as to accordingly apply the activity with way of operation and living following the mutual value.

## Internal Control System

### 2. Risk Assessment

The Company has stipulated objectives and corporate operating target which are clear and can be evaluated. The Company's risk management system is systematic with indication procedure and risk evaluation of internal and external risk of the Company.

The Company has established risk analysis and evaluation of risk management and prevention. Also, the risk management follow-up procedure is set to ensure the utmost efficiency and effectiveness of the risk management.

### 3. Internal Operation of the Management

The Company has clearly set up the scope of duty and authorized financial amount of each level of the management in written form of which separates the responsibility of approving, report of accounting report and information, and asset storing. However, the transaction with related business or persons, the Company follows the notification of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), the approved principles by the Board of Directors of the Company, of which no stakeholder participated, with the consideration of the utmost benefit of the Company and its shareholders.

### 4. Information and Communication

The Company places an importance upon accuracy, credibility, and punctuation of the information, and continuous development of information system which includes financial information system, operation, compliance with the

regulations to promote accurate and quick decision making with security system of the information system and sufficient efficiency of information. In addition, the Company's efficient communication channel covers the whole company. The important information will be directly sent from senior executives to staff and vice versa. Also, there is a communication channel for the stakeholders with efficiency and punctuation.

### 5. Performance Review

The Company's performance review procedure and operation supervision of each level of staff are performed with continuity and appropriateness with good evaluation and performance review system. In 2010, the Company had organized 16 meetings of the Board of Directors. Regularly, the management of the Company and its subsidiaries has the performance review system of the business operation which is compared with target, plan, and budgets in many aspects and perpetually improved. This is to ensure that the measurement and the internal control system are constantly effective to response to any change with appropriateness in due time. The Company's examination of the compliance of the internal control system is performed consistently – supervisor follows subordinate's performance, performance evaluation, the internal control department works independently. In 2010, there were 4 meetings of the Audit Committee to acknowledge the finding of significant flaws and report the summary to the Board of Directors for consideration and order of correction in appropriate time.

# 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

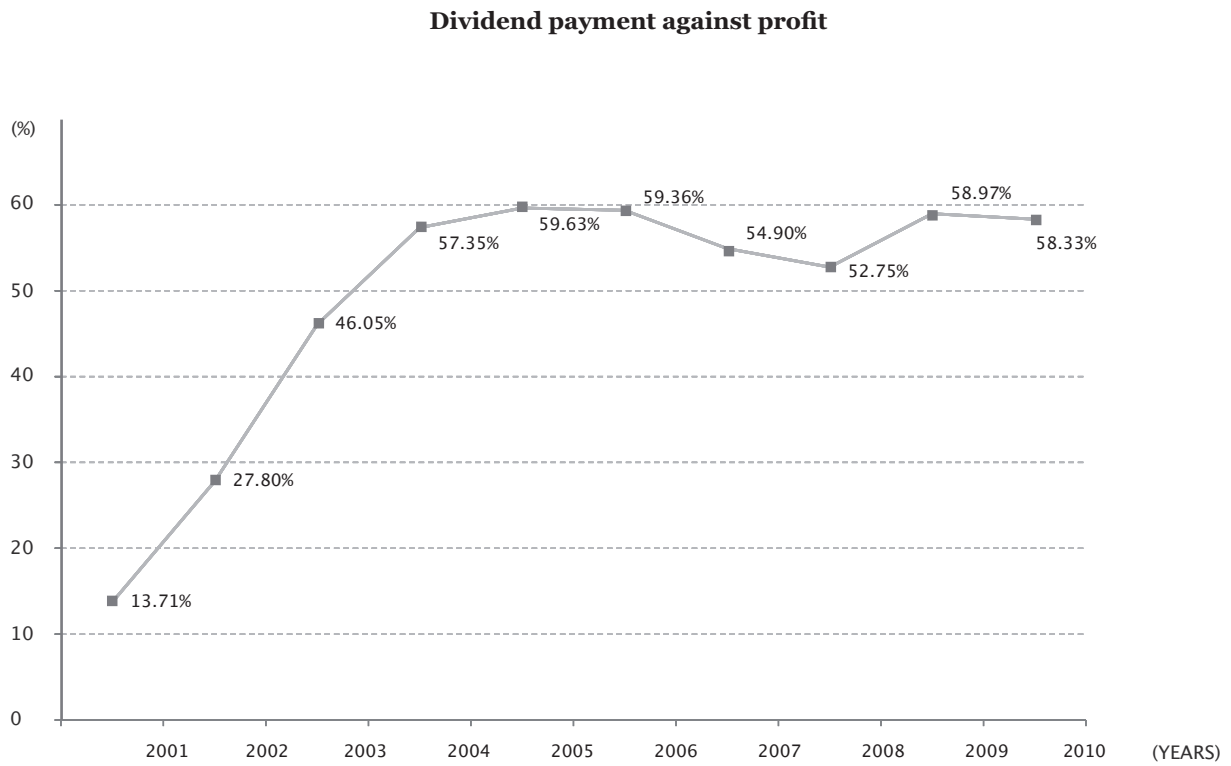
Year	Net profit (million baht)	% of dividend payment	dividend pay-out (million baht)	Number (million shares)	Dividend yield per share (baht)
2001	364.72	13.71	50.00	20.00	2.50 <sup>/1</sup>
2002	370.42	27.80	105.36	210.73	0.50
Extra dividend from retained earnings, a net profit of year 2002	–	–	66.28	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, a net profit of year 2005	–	–	111.84	372.79	0.30
2006	432.27	58.36	252.28	388.13	0.65
2007 <sup>/2</sup>	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	357.90	47.85	171.25	398.25	0.43
Extra dividend from retained earnings, a net profit of year 2008	–	–	119.48	398.25	0.30
Extra dividend from retained earnings, a net profit of year 2007	–	–	120.20	400.67	0.30
2010 <sup>/3</sup>	343.79	58.33	200.54	401.09	0.50

<sup>/1</sup> Par value equivalent to 10 baht and after 2001 onwards the par value is equivalent to one baht.

<sup>/2</sup> 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.

<sup>/3</sup> For operating result of 2010, the Board of Director of the Company has a resolution to approve and to be proposed to the Shareholder's Annual General Meeting in the rate of Baht 0.50 per share.

## Dividend Policy



The graphic displays of dividend payment in comparison to net profit over the last ten years

# Related Party Transactions

The Company and its subsidiaries have an agreement of the connected transaction. The connected transaction is the normal business transaction of the Company and its subsidiaries which follows general trading condition and complies with the Securities and Exchange Act (issue 4) B.E. 2551 Section 89/12 (1). On August 13, 2008, the Board of Directors had principally approved the authorization of the management to enter connected transaction under the general trading condition. The management is able to enter such aforementioned transaction when the transaction is done under the same trading agreement as reasonable persons should conduct with general party to a contract under the same situation with trading negotiation power regardless of being an influential person in the position of Director, Executive, or related person.

For the accounting period ended December 31, 2010, the Company had disclosed the connected transactions which were complied with the Notification of the Stock Exchange of Thailand Re: Principles, Conditions, Methods of Connected Transactions of the Listed Companies as follows:

## 1. Connected transaction between the subsidiaries and related persons

Related persons/ Juristic persons	Transaction	Value	Necessity and Reasonability
A-List Corporate Ltd. and Supree Holding Co., Ltd. with Pranda Lodging Co. Ltd., a subsidiary which Pranda Jewelry Public Company Limited holds 83% of share.	The subsidiary (Pranda Lodging Co. Ltd.) provided financial help of Baht 13,000,000 to related juristic persons of A-List Corporate Ltd. and Baht 3,000,000 to Supree Holding Co., Ltd. with the total of Baht 16,000,000 in the form of P/N	Interest rate of 7% and 8% which are paid on the monthly basis and will be repaid upon request	The Board of Directors and the Audit Committee agreed to carry out rectification to approve the subsidiary's entering connected transaction since the transaction is reasonable with higher interest rate than the bank's deposit which is beneficial to the subsidiary's efficient cash flow management



## Related Party Transactions

### 2. Connected transaction between the Company and its subsidiaries

Related persons/ Juristic persons	Transaction	Value	Necessity and Reasonability
Pranda Jewelry Public Co., Ltd. and Artico Crafts Co., Ltd. The Directors and Executives, of PRANDA are Directors of Artico Crafts Co., Ltd. and closed relatives of PRANDA's directors, as well as juristic persons' closed relative of PRANDA's directors hold 100% of shares in Artico Crafts Co., Ltd.	<p>The Company had entered the transaction of land-building-construction purchase with Artico Crafts Co., Ltd. as follows:</p> <ul style="list-style-type: none"> <li>• 8-rai land</li> <li>• Building and construction with the total utility space of 6,140 sq. m.</li> </ul>	<p>The total value of Baht 29.5 million was higher than the fair price of Baht 1.568 million by 5.61% estimated by the independent assessor from Quality Appraisal Co., Ltd., the listed companies' certified assessor by the SEC. The Market Approach method is implemented for the land value assessment and the Replacement Cost Approach method is implemented for building and construction value. The total assessment price was at Baht 27.932 million.</p>	<p>The Board of Directors and the Audit Committee had provided an opinion on the transaction that it was reasonable and it provided the utmost benefit to the Company as follows:</p> <ul style="list-style-type: none"> <li>• The land with building and construction is located in the Suranaree Industrial Estate, Nakorn Ratchasrima Province. The location has received the BOI tax privilege promotion. The nearby area is the location of jewelry manufacturing, Korat Branch of the Company. Thus, this lead to the production benefit in terms of efficient production cost. Moreover, there are many skilled workers in the area to support the Company's future production.</li> <li>• To expand the Company's production capacity, particularly to new markets in China, India, and Europe as additional markets from its existing markets in the US, England, and Germany, it is necessary for the Company to expand its production factories to serve the expansion into the new markets.</li> </ul>

For the normal general trading transaction between the Company and its subsidiaries, affiliated companies, and related companies which share mutual Executives and Directors following normal trading characteristics (financial remark No. 6).

### **Necessity and reasonability of the transaction**

The transactions between the Company, its subsidiaries, and its affiliated companies were normal business operation and had been approved by the Board of Directors or the Executive Board of the Company which followed the appropriate approval procedures in accordance with all of regulations of the Company.

### **Policy and future connected transactions**

The connected transaction of the Company in the future will be normal business operation transaction. There will be no special transaction, benefit transfer of the Company or its subsidiaries to other persons with conflict of interest. The price determination policy between the Company and related companies or persons shall follow normal price determination which is in the same way of the price determination provided to non-related persons or companies. The products or material bought from the Company or related persons shall follow the agreed contract or shall be referred to the market price of such material. However, the Audit Committee, or the Company's auditor, or independent expertise shall consider examining and provide opinion of the suitability of the price and reasonability of the transaction, as well as to disclose the value of the transaction with transaction reasons to the shareholders' meeting in the Annual Report.

In addition, the Board of Directors shall comply to the Securities and Exchange law and regulations, notifications, orders, or requirement of the Stock Exchange of Thailand, as well as the notification of the disclosure of transaction and the acquisition or disposal of important assets of the Company or its subsidiaries, following the accounting standard stipulated by the Institute of Certified Accountants and Auditors of Thailand.

In addition, the Audit Committee shall provide opinion to consider the necessity and appropriateness of future transactions when the transactions of the Company or its subsidiaries are performed with the person whom may have conflict of interest in the future. When the Audit Committee has no skill to consider the possible connected transaction, an independent expertise or the Company's auditor shall provide opinion toward the connected transaction of which shall be taken forth to the Board of Directors or the shareholders for consideration, depending on circumstances.

# Risk Factors

## Risk Factors of the Industry

The industry of gem and jewelry of Thailand has a World class competitiveness because Thailand has years of experience in gem and jewelry production which leads to development of knowledge and continuous passing on of knowledge. Our industry has established the institutes to produce skilled personnel of gem and jewelry craftsmanship with sufficient work places for personnel development. In addition, our craftsmen are skillful and experienced in gem and jewelry craftsmanship which focuses on beauty from meticulous craftsmanship technique. There is also the center of World class gem trading. The industry receives full support from the government.

However, in the past few years, the industry had inevitably been affected by the World's economic crisis which is expected to continue its situation to some extent because of the financial crisis of the European Union. Moreover, there were drastic risks affecting the industry, namely, continuous increase and dramatic fluctuation of gold and silver prices, the main material of jewelry production which directly affected the customers' purchasing power. In addition, the Thai Baht showed a trend of continuous appreciation which affected the competitiveness in terms of the price when compared with the neighboring countries in the same business. Also, the negotiation power of the clients increased because the dramatic competition from the competitor countries such as China and India.

PRANDA Jewelry Public Company Limited has well realized the internal and external risk and assigned the Financial Committee to supervise and control the Company's risk management. The details of major risk factors and risk management can be categorized as follows:

## Risk Factors affect the Company's business operation

### 1. Strategic Risk

The Company's business plan to achieve continuous and stable growth to cover important World's markets have led to the Company's focus on expansion of production base, distribution, and the Company's own retail business. In 2010, the Company had 8 factories in 5 countries, namely, Thailand, Vietnam, China, Indonesia, France, and Germany, and 9 distributions and retail bases in 9 countries, namely, Thailand, the United States of America, England, France, Germany, India, Indonesia, Vietnam, and China. The Company also aims to be the "World Class Jewelry Brand Company" with its target in 2012 to increase its brands sales to 50% of the total sales volume.

However, the World's economic crisis had delayed the Company's business objective. The Company had held an annual World Sales Meeting for high executives of the PRANDA group of companies to review the group of companies' business direction and strategy in order to be in accordance with the World's economic situation and direction of each country's market. In addition, the Financial Committee's meetings were held at least every quarter to report the PRANDA group of companies' operating results, to improve business plan, and to assure that the group of companies' operating results will achieve the targeted plan. In 2010, the Company had adjusted its management structure to be in accordance with the strategic plan which is effective in 2011. The restructuring can provide the systematic investment evaluation and in due time problem solving with the ever changing economic situation. The restructuring is aimed to decrease the risk of group of companies and increase return from the investment.

## 2. Operational Risk

### Risk from Shortage of Human Resources

Amidst the dramatic competition from China and India, Thailand has to improve its competitiveness by producing high quality products while there is a limitation of the personnel to work on high quality work. This leads to the shortage of personnel with potential design, manufacturing, and creation of new innovation. In addition, it takes quite a long time to develop new personnel to manufacture products with quality suitable for the competition in the World's markets.

Moreover, there are very few expertise and experienced executives in gem and jewelry business with international standard when the gem and jewelry industry has continuously been the main export of Thailand.

However, the Company has a policy of human resources risk prevention as follows:

- The Company's Human Resources Department is very efficient with its nomination procedures to find persons suitable with the positions, its providing continuous knowledge development through On the Job Training and theoretical training from Human Resources Development Center, including its performance evaluation of staff and executives with the Key Performance Indicators (KPI).
- The Company maintains the personnel who is important to the Company with appropriate remuneration system in the forms of income and accommodation, food, nursing room, fitness room, library, and Nursery, as well as the return provided in the form of warrant through ESOP (details appeared in the remark of financial statement.)
- The Company's training of new personnel to enter the gem and jewelry industry by allocating the Company's budget and resources to support skilled workers by joining with the Golden Jubilee Royal Goldsmith's College Major gem and jewelry, which has been in cooperation for 11 consecutive years.
- The Company and its staff have jointly established the provident fund following the Provident Fund Act B.E. 2530, under the management of Thai Military Bank Plc. to provide financial stability to the staff upon their leave or retirement, and to promote good corporate relationship and work motivation among staff.
- The Company's establishment of saving cooperative to provide financial support to the staff of the group of companies. The Company also jointly creates good corporate culture with its staff such as environment conservation project, debt reduction project, travelling cost reduction project, good health encouragement project, innovation creativity promotion project, knowledge development project, and the Company has composed the "Core of PRANDA" song to encourage love and harmony among the staff.

## Risk Factors

### **Risk from the Volatility of the Material Prices**

The material prices of gold and silver are the main cost of the jewelry production which account for approximately 60%–80% and their variation is in accordance with the prices in the World's market. For 2010, the gold price had increased from an average of USD 972 per ounce to USD 1,227 per ounce which was an increase of 25.9%. The silver price had an increase of 37.62% with the drastic variation from USD 14 per ounce to USD 20 per ounce. With their dramatic increase and variation, the orders of gem and jewelry products had become slower.

The Company's prevention policy of materials' price volatility consists of:

- In terms of material prices, the Company passes the price burden to its customers. Thus, the Company has no profit or loss from the increase or decrease of the material prices.
- The Company has entered the forward transaction with financial institutions to secure the material prices in advance.

### **3. Financial Risk**

Most of the Company's revenues are in international currencies, namely, the USD followed by the Euro. The fluctuation of the foreign exchange rate has an impact on the Company's revenue and operating results. In addition, there are risks from periodically collecting debt of today's economic crisis, the market's interest rate change, and the credit facilities cancellation from commercial banks.

The Company has a risk policy to prevent financial risk as follows:

- The utilization of Forward Contract and Natural Hedge
- The careful examination of the credit of existing clients and new clients by considering operating results, financial status, debt ensuing procedures, and constant credit limit revision for some clients who are asked for down payment prior to the order.
- The dissemination of revolving credit facilities with several banks is to prevent the credit facilities cancellation. The Debt to Equity ratio is maintained less than 1 time to decrease the interest payment burden and the fluctuation which may occur in the future.

# Management Discussion and Analysis

The Company would like to report on Management's Discussion and Analysis of Financial Condition and Operating results for the year ended December 31, 2010. The Consolidated Financial Statements are as follows:

## 1. Operating Results

### 1.1 Analysis of Operating Results

Although the global economic began to recover from the financial crisis in the United States and Europe, but we found that the risk factors increase in the export sector of Thailand. This is because of the continuous appreciation the Thai Baht against the US Dollar, Pound Sterling and Euro. In addition, with the appreciation of the Thai Baht when compared with competitors in Asia, the competitiveness of Thailand had gradually decreased. Though Thailand was experiencing the appreciation of the Thai Baht, the Company could well maintain its competitiveness. This can be seen through the operating results of the Company and its subsidiaries in 2010 with the sales volume increased from Baht 3,663.59 million to Baht 4,055.77 million, or representing an increase of 10.70% because of the development of its own brand and expansion to the new market in China, India, and Europe as well as the recovery of the markets in the United States, England, Germany. The Gross Profit Margin decreased from 35.36% to 33.19% when compared with the sales volume due to the price fluctuation of gold and silver, product mix sales, and the marketing strategy for long-term sales, including efficient sales and administration expenditure controlling, leading to the reduction of expenses from the same period of last year by Baht 90.18 million, or 9.33%. Thus, the profit from the operation was at Baht 469.91 million which increased from the same period of last year by Baht 140.90 million or 42.83%.

Although the Company had the risk prevention management by entering the hedging position with the natural hedge and forward contract, the Company still encountered the foreign exchange loss of as high as Baht 149.68 million due to the much appreciation of the Thai Baht against the US Dollar, the Pound Sterling, and the Euro. However, most of the lost were the unrealized loss from the account receivables and the loan to the related business.

Though the Company had the foreign exchange loss increased from Baht 20.94 million to Baht 149.68 million, the Company's net profit decreased only 5.1% from the previous year of Baht 243.42 million.

The Company's financial structure was strong with the liabilities of only Baht 1,517.01 million, the shareholders' equity of Baht 2,714.26 million, or the Debt per Equity (D/E) of 0.56 times, as well as having low financial risk by considering the Times Interest Earned (T/E) of as high as 14.96 times.



## Management Discussion and Analysis

### 1.2 The Previous Operating Results

- Total revenues

The Company and its subsidiaries had total revenue in year 2010 and 2009 of Baht 4,088.96 million and Baht 3,701.70 million respectively, which an increase of Baht 387.96 million, or representing an increase of 10.48% because of an increase in sales revenue of Baht 392.18 million. The total revenue can be divided into sales revenue and other revenue as follows;

- Sales

The Company and its subsidiaries had sales revenue in year 2010 of Baht 4,055.77 million, an increase from year 2009 of Baht 3,663.59 million, or representing an increase of 10.70% with a reason set forth in the analysis of operating results above.

- Other revenues

The Company and its subsidiaries had other revenue in total amount of Baht 33.19 million comprised income from interest of Baht 5.64 million, which are interest income on bank deposits and interest loans to related companies. The other revenue of Baht 27.56 million from rental property of local subsidiary company and revenue from other services.

- Cost of Sales, Selling and administrative expenses

The Company and its subsidiaries had cost of sales of Baht 2,709.49 million, an increase from year 2009 of Baht 2,468.03 million, or representing an increase of 9.77%, which an increase in accordance with the revenue from sales and selling and administrative expenses of Baht 876.34 million, the decrease from year 2009 of Baht 90.18 million, or 9.33%.

- Income Statements

	2010		2009		increase / (decrease)	
	Baht million	%	Baht million	%	%	%
Sales revenue	4,055.77	100.00	3,663.59	100.00	392.18	10.70
Gross profits	1,346.27	33.19	1,295.56	35.36	50.72	3.91
Operating profits	469.91	11.59	329.01	8.98	140.90	42.83
Gain (Loss) from exchange rate	(149.68)	(3.69)	(20.94)	(0.57)	128.75	614.93
Net Income to Equity holders of the parent	243.43	6.00	256.37	7.00	(12.95)	(5.05)

The Company and its subsidiaries had gross profit of Baht 1,346.27 million increased from the previous year of Baht 1,295.56 million, or representing an increase of 3.91% because of an increase in sales revenue and the expansion in their brand market and had profit from operations activities increased from Baht 329.01 million to Baht 469.91 million, or representing an increase of 42.83% because of the effective expenditure control. However, with the continuous appreciation the Thai Baht against the US Dollar, Pound Sterling and Euro, the Company has loss from exchange rate of Baht 149.68 million, whereas the previous year has loss from exchange rate of only Baht 20.94 million. As a result, the net profit decreased by only Baht 12.95 million, or representing the decrease of 5.05% with a reason set forth in the analysis of operating results above.

- Return on Equity (ROE)

The Company and its subsidiaries for the years Return on Equity (ROE) decreased from 9.04% to 8.72% due to the decrease of the profit. For the dividend payment, the Company's consideration of the dividend payment policy is at the rate of no more than 60% of the net profit from the separate financial statements.

For the 2010 operating results, the Board of Directors had a resolution to consider an approval of the dividend payment to propose to the shareholders' Annual General Meeting on April 20, 2011 at Baht 0.50 per share or accounting or the dividend yield of approximately 8.64% per year (the dividend of Baht 0.50 per share/ the annual average price of share was at Baht 5.79 per share), or 58.33% of the net profit from the Company's financial statements which will paid to the shareholders who have the right to receive the dividend on March 16, 2011, and the booking closing date for collecting shareholders names under Section 225 of the Securities and Exchange Act is on March 17, 2011, and the payment date is on May 11, 2011.

## 2. Financial Status

### 2.1 Asset

- Components of Assets

Table: Comparison of Balance Sheet for the year 2009–2010

Unit : Baht million

Balance Sheet	31 December 2010	%	31 December 2009	%
Cash and cash equivalents	386.11	9.13%	460.25	10.78%
Accounts Receivable–Net	895.02	21.15%	883.71	20.70%
Accounts Receivable Related–Net	10.79	0.26%	15.74	0.37%
Short–term loans to Related Party–Net	16.00	0.38%	13.73	0.32%
Inventory–Net	1,616.00	38.19%	1,624.03	38.05%
Other Current Assets	83.92	1.98%	76.80	1.80%
Total Current Assets	3,007.84	71.09%	3,074.28	72.02%
Total Non–Current Assets	1,223.43	28.91%	1,194.11	27.98%
Total Assets	4,231.27	100.00%	4,268.39	100.00%

- Quality of Asset

The Company and its subsidiaries had total assets at the amount of Baht 4,231.27 million, a decreased of Baht 37.12 million, or decreased by 0.87% from the same period of the previous year. The current assets decreased of Baht 66.44 million mainly as result of the decrease in cash and cash equivalents of Baht 74.14 million and inventories of Baht 8.02 million. However, the average collection period decreased from 103 days to 92 days as well as with average inventory turnover day decreased from 148 days to 123 days, which this reflects which this reflects the company manages its accounts receivable and inventory more efficiency.

## Management Discussion and Analysis

### 2.2 Liquidity

- Components of Cash Flows

The Company and its subsidiaries had net cash flow from operating activities decreased from Baht 444.76 million to Baht 431.59 million due to a decrease in profits.

Cash flow from investing activities, the Company has invested in machinery and equipment to replace and also increase in production efficiency as detailed in Article 2.3 of investment expenditure.

Cash flow from financing activities, the Company has indicated the repayment of long-term loan of Baht 164.17 million and the dividend payment of Baht 410.92 million

All cash flows from operating activities, investing activities, and financing activities, the Company had net cash flow for the year 2010 decreased of Baht 74.54 million, when combined with cash at beginning of period of Baht 460.25 million. Total cash at end of years was at Baht 385.71 million.

Table: Comparison of Cash Flows for the year 2009–2010

Unit : Baht million		
Cash Flows	31 December 2010	31 December 2009
Cash flow from operating activities	431.59	445.16
Cash flow from investing activities	(113.36)	(105.12)
Cash flow from financing activities	(403.59)	(268.64)
Translation adjustment	10.81	(5.29)
Net cash flow increase (decrease)	(74.54)	66.09
Cash at beginning of year	460.25	394.16
<b>Cash at end of year</b>	<b>385.71</b>	<b>460.25</b>

The net cash flow during the year was decreased as compared to the same period of the previous year, due to the Company had paid dividend of up to Baht 410.92 million in 2010, whereas the Company had paid dividend of only Baht 198.11 million in the previous year.

- Liquidity Ratios

The Company and its subsidiaries had liquidity ratios decreased from 2.53x to 2.15x was mainly due to an increase in Bank Overdrafts (O/D) of Baht 164.03 million and an increase in accounts payable of Baht 112.45 million. The Company's overall has high liquidity because of cash conversion cycle has shortened from 150 days outstanding fell to 118 days.

- Ability to repay the short-term loans

The Company and its subsidiaries had short-term loans of Baht 1,398.15 million, whereas the Company had short-term assets of Baht 3,007.84 million, which concluded that the Company and its subsidiaries have the capability to repay in a whole of short-term loans.

### 2.3 Capital Expenditures

- Previous expenditures

The Company and its subsidiaries had a total investment of Baht 114.33 million which consist of types as follows:

1) Manufacturing Base Investment worth Baht 89.97 million, namely,

- 1.1 Land purchase with buildings in Suranaree Industrial Zone totaling Baht 29.50 million of PRANDA Jewelry Public Company Limited;
- 1.2 Factories' area improvement totaling Baht 60.47 million of PRANDA Jewelry Pcl. Crystalline Co, Ltd., PRANDA Vietnam Co., Ltd., and PRANDA Guangzhou, to replace existing machinery and equipment.

2) Investment of the distribution bases totaling Baht 24.36 million of

- 2.1 Primagold International Co., Ltd.
- 2.2 H.Gringoire s.a.r.l
- 2.3 Pranda & Kroll
- 2.4 Pranda UK
- 2.5 Pranda North America, Inc.
- 2.6 Pranda Jewelry Pvt. Ltd.

to provide service to customers and thoroughly disseminate products.

- Capital Expenditure Plan

The Company has readjusted investment budget with the investment expenses in 2011 with the total of Baht 280 million which consists of Baht 50 million of investment in China, Baht 80 million of machinery and equipment purchase for replacement, Baht 150 million of building construction of Products Development and Design Center at the head office, and Baht 50 million will be paid upon the completion in 2012.

### 2.4 Source of Funds

- Capital Structure

With its continuous profit of the operating results when the Company also paid the dividend to the shareholders from the annual net profit and special dividend payment from the retained earnings, it led to the decrease of the retained earnings from Baht 1,478.48 million to Baht 1,310.98 million, accounting for the decrease of 11.33%. In the other hand, the long-term loan decreased from Baht 347.71 million to Baht 182.30 million which accounted for the decrease of 47.52%, leading to the decrease of the Debt to Equity (D/E) to 0.56 times.

## Management Discussion and Analysis

- **Equity**

On April 18, 2008, the Company's Annual General Meeting of Shareholders had a resolution to approve the issuance and the offer for sales of the Company's specify holders and non-transferable warrants to allocate to the Directors and employees of the Company and/ or its subsidiaries (ESOP) totaling 14,251,140 units with no purchase calculation of the warrant and the exercise price at Baht 3 per 1 unit, 1 unit of warrant has the rights to purchase 1 new ordinary. The term of warrant was 5 years, starting from the issuance date with every 6 months of the exercise period.

Then, on February 11, 2009, the Board of Director's Meeting No. 2/2009 had a resolution to approve the allocation of the warrant on February 27, 2009 with the first exercise of right on August 28, 2009.

During 2010, there were 2,509,882 units of warrants exercised and there were 283,000 units cancelled by the warrant holders who left the status of Directors, and employees of the Company and its subsidiaries which was in accordance with the project's specification. Thus, the total amount of the warrants which had not been exercised as of December 31, 2010 was at 9,048,646 units.

- **Liabilities**

The Company and its subsidiaries had total liabilities of Baht 1,517.01 million which increased from the previous year by Baht 114.97 million, or by 8.20%. The current liability increased by Baht 181.75 million most of which came from the overdrawn amount and short-term loan from financial institutions of Baht 164.03 million and creditors and notes payable of Baht 112.45 million. On the other hand, the non-current liability decreased by Baht 66.79 million because of the quarterly repayment of the long-term loan which had a contract completion in March 2013.

### **3. Main factors and influences with possible affects on the future operation or financial status**

#### **Foreign Exchange Rate**

With the continuous appreciation the Thai Baht against the US Dollar, Euro, and Pound Sterling, the Company's sales volume may decrease (increase) and with possible loss (gain) from the foreign exchange rate which is significant to the net profit.

#### **Prices of Materials**

Gold and silver are the main materials which are significant to the cost of products. Thus, if the prices of gold and silver are high (low) fluctuation or the increase (decrease) of prices is abrupt, the purchase orders may slowdown (rise)

# Report of the Audit Committee on Corporate Governance

The Audit Committee of Pranda Jewelry Public Company Limited consists of 3 members, namely, Lt. Jg. Anan Panananda R.T.N. as Chairman of the Committee, Mr. Verachai Tantikul and Associate Professor Sarita Bunnag as Audit Committees, who possess complete qualification following the guidelines stipulated by the Stock Exchange of Thailand and the Securities and Exchange Commissions, whose knowledge, capability, experience, and visions are beneficial to the work of the Company's Audit Committee. The Committee performs its duty in accordance with the charter of the Audit Committee approved by the Board of Directors and the notification of the Securities and Exchange Commissions and the Stock Exchange of Thailand. The operation of the Audit Committee aims to maintain the good corporate governance system of the Company and to encourage the operating efficiency and value to the Company which lead to effectiveness of the business operation objective and target of the Company.

In 2010, the Audit Committee had organized 4 meetings and all of which were attended by all members of the Committee. The meetings were also attended by the external auditors and the Company's internal auditors to consider the revision of financial statements, connected transaction of the Company and its subsidiaries, listen to complaints, and provide suggestion beneficial to accuracy, completeness, and credibility of consolidated financial statements, including efficiency improvement of the corporate internal control.

There was no management of the Company attended the meetings. The results of each meeting had been summarized and proposed to the Board of Directors of the Company for acknowledgement and proceeding of improvement. The performance and operation of the Audit Committee can be significantly summarized as follows:

**1. Accuracy, Completeness, and Creditability of Financial Report** The Audit Committee had jointly considered and reviewed the quarterly financial reports and the 2010 financial report with the Auditor to ensure that the financial reports of the Company and its subsidiaries were completed with accuracy in accordance with the general accepted accounting standard, the information disclosure was sufficient, completed, and credible. Also, the Committee provided remarks and acknowledged problem solving guidelines which created benefit to the Company as well as supported the implementation of the International Financial Reporting Standards (IFRS) for practice as guided by the Federation of Accounting Professions and the Securities and Exchange Commissions.

**2. Sufficiency of the Internal Control System and the Internal Auditing** The Committee had supervised the internal auditing to ensure its compliance with the accounting professions standard with the implementation of risk evaluation and internal control system following the international standard of COSO and the principles of Risk-Based Management, as well as considered annual auditing plan, reported the results of the Internal Auditing Office, followed up the operation and continuously improved, provided suggestion to the Internal Auditing Office and the Management for operation improvement,



## Report of the Audit Committee on Corporate Governance

including considered and provided continuous support of men power and personnel development of the Internal Auditing Office. The Committee opined that the internal control system and the internal auditing were sufficient. The opinion was performed toward the annual auditing plan, the auditing report of the Internal Auditing Office, and the performance review report of procedures and systems and proposed to the Management for further improvement as indicated by the findings of the internal auditors.

**3. Risk Management** In the previous year, the Audit Committee had place an importance upon corporate risks by considering and reviewing risks which might have an impact on the Company's operation and target.

**4. Compliance with regulations and related laws** The Audit Committee constantly reexamines the Company's practice to follow the Securities and Exchange law, regulations of the Stock Exchange of Thailand, and business related laws of the Company. The Committee opined that the transaction which the Company had to follow the Securities and Exchange law, regulations of the Stock Exchange of Thailand, and business related laws of the Company was completely implemented with sufficiency and accuracy.

**5. Connected Transaction or Conflict of Interest Transaction** The Audit Committee had considered and reviewed the connected transactions of the Company and its subsidiaries and affiliated companies, including conflict of interest transactions to ensure their actual transactions performed under normal business operation as well as to ensure that the Company's compliance with the business agreements and the principles of the Securities and Exchange Commissions and the Stock Exchange of Thailand.

**6. Consideration of Selection and Proposition of the Auditor** and remuneration of the Company's auditor of 2011 were proposed to the Board of Directors for further proposing to the shareholders' Annual General Meeting 2010. The Committee would consider performance, independency, and appropriateness of the remuneration. The list of candidates would be proposed to the shareholders' Annual General Meeting for approval.

The Audit Committee had considered and opined that the Company's implementation and disclosure of financial reports were accurate, appropriate, and its internal control system, internal auditing, and risk management were appropriate and efficient. Moreover, its compliance with laws, regulations, and agreements of connected transactions were carefully considered and the practices sufficiently followed the good corporate governance policy with transparency and credibility. Also, the quality of the operation system had been continuously developed and was suitable with the business environment.



(Lt. Jg. Anan Panananda R.T.N.)  
Chairman of the Audit Committee

# Report of the Board of Directors' Responsibilities to Financial Report

The Board of Directors is responsible for the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries as well as the financial information stated in the Company's Annual Report. These financial statements are prepared in accordance with Thai Accounting Standards and generally accepted accounting principles in Thailand. Appropriate accounting policies are chosen and consistently applied, estimates and underlying assumptions are prudently made, and significant information is adequately disclosed in the Notes to the financial statements to ensure that the financial statements are reliable and benefit to shareholders and investors.

The Board of Directors has established and maintained an internal control system in order to provide a reasonable assurance that accounting records are accurate, complete and adequate for protection of assets of the Company, prevention of frauds and materially irregular transactions.

The Audit Committee, whose members are independent directors, was designated by the Board to review the quality of the financial reporting and the effectiveness of internal control system and report the review result to the Board.

In this regard, the Board has the opinion that the overall internal control system of the Company is satisfactorily effective and can provide reasonable assurance of the reliability of the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2010.



(Mr. Prida Tiasuwan)  
Chairman



(Mrs. Prapee Sorakraikitikul)  
Chairman of executive director

# Report of Independent Auditor

## To the Shareholders of Pranda Jewelry Public Company Limited

I have audited the accompanying consolidated balance sheet of Pranda Jewelry Public Company Limited and its subsidiaries as at 31 December 2010, the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and the separate financial statements of Pranda Jewelry Public Company Limited for the same period. 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 audit. I did not audit the financial statements for the year ended 31 December 2010, 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 2010 of Baht 1,244 million, and total revenues and net loss for the year then ended of Baht 1,792 million and Baht 108 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. The consolidated financial statements of Pranda Jewelry Public Company Limited and its subsidiaries, and the separate financial statements of Pranda Jewelry Public Company Limited as at 31 December 2009 and for the year then ended, as presented herein for comparative purposes, were audited by another auditor of our firm, in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements, based on her audit and the reports of the other auditors related to subsidiaries (31 December 2009: a local subsidiary company and 7 overseas subsidiaries with total assets 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) under the report dated 26 February 2010.

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

In my opinion, based on my audit 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 2010, and the results of their operations, and cash flows for the year then ended in accordance with generally accepted accounting principles.



Chonlaros Suntiasvaraporn

Certified Public Accountant (Thailand) No. 4523

Ernst & Young Office Limited

Bangkok: 25 February 2011

# Financial Statements

## Pranda Jewelry Public Company Limited and its subsidiaries

### Balance sheets

As at 31 December 2010 and 2009

(Unit: Baht)

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	385,710,828	460,252,719	207,378,912	276,227,966
Current investments – deposits with financial institutions		398,187	–	–	–
Trade accounts receivable					
Related parties	6	31,854,015	29,691,531	661,435,906	609,744,512
Unrelated parties		999,182,330	1,001,513,248	376,586,205	439,329,918
Less: Allowance for doubtful accounts		(136,021,066)	(147,495,857)	(146,470,794)	(148,168,397)
Trade accounts receivable – net	8	895,015,279	883,708,922	891,551,317	900,906,033
Amounts due from related parties – net	6	10,791,028	15,743,579	160,331,820	120,055,661
Short-term loans to related parties – net	6	16,000,000	13,734,325	51,154,750	63,909,570
Current portion of long-term loans to related parties	6	–	–	13,932,390	29,515,120
Inventories – net	9	1,616,008,313	1,624,033,593	740,256,200	772,641,347
Other current assets					
Input tax refundable		13,559,711	8,029,527	740,095	871,883
Others		70,358,231	68,775,309	24,570,723	15,952,673
<b>Total current assets</b>		<b>3,007,841,577</b>	<b>3,074,277,974</b>	<b>2,089,916,207</b>	<b>2,180,080,253</b>
<b>Non-current assets</b>					
Restricted bank deposits	10	2,952,302	1,003,021	–	69,148
Investment in convertible debentures issued by subsidiary	11	–	–	43,062,900	24,870,000
Investments in subsidiaries – net	12	–	–	687,348,431	560,160,279
Investments in associates – net	13	59,967,184	71,532,406	–	–
Other long-term investments	14	14,935,475	14,870,951	14,935,475	14,870,951
Advances for investment	6	–	–	4,867,916	10,649,884
Amounts due from related party	6	–	–	45,333,997	41,343,438
Long-term loans to related parties – net	6	–	–	309,987,130	360,357,080
Property, plant and equipment – net	15	642,691,270	584,768,753	488,513,862	420,894,334
Land held for development – net	16	421,729,189	444,211,189	421,729,189	444,211,189
Other non-current assets					
Leasehold rights – net	17	35,744,223	38,264,973	–	–
Goodwill – net	18	–	–	–	–
Others		45,412,903	39,456,787	18,941,576	12,057,127
<b>Total non-current assets</b>		<b>1,223,432,546</b>	<b>1,194,108,080</b>	<b>2,034,720,476</b>	<b>1,889,483,430</b>
<b>Total assets</b>		<b>4,231,274,123</b>	<b>4,268,386,054</b>	<b>4,124,636,683</b>	<b>4,069,563,683</b>

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

## Financial Statements

### Pranda Jewelry Public Company Limited and its subsidiaries

#### Balance sheets (continued)

As at 31 December 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	19	346,150,701	182,125,681	270,762,958	152,292,827
Trade accounts and notes payable					
Related parties	6	8,588,341	35,044,140	7,669,529	3,354,908
Unrelated parties		773,078,946	634,173,833	638,072,641	490,509,991
Total trade accounts and notes payable		781,667,287	669,217,973	645,742,170	493,864,899
Current portion of long-term loans	20	65,184,740	164,245,601	58,230,000	157,560,000
Amounts due to related parties	6	153,900	215,619	1,403,767	3,136,906
<b>Other current liabilities</b>					
Corporate income tax payable		45,845,459	31,197,329	23,629,218	14,445,821
Accrued interest expenses		3,802,936	6,103,511	3,515,360	5,928,055
Accrued expenses		97,971,468	92,676,953	38,516,063	28,446,272
Advance received for goods		19,135,299	32,868,529	10,831,029	28,930,986
Others		38,237,806	37,744,624	9,790,214	4,916,172
<b>Total current liabilities</b>		1,398,149,596	1,216,395,820	1,062,420,779	889,521,938
<b>Non-current liabilities</b>					
Long-term loans – net of current portion	20	117,118,716	183,161,576	75,110,000	133,340,000
Other non-current liabilities		1,741,791	2,484,020	–	–
<b>Total non-current liabilities</b>		118,860,507	185,645,596	75,110,000	133,340,000
<b>Total liabilities</b>		1,517,010,103	1,402,041,416	1,137,530,779	1,022,861,938

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

## Pranda Jewelry Public Company Limited and its subsidiaries

## Balance sheets (continued)

As at 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Shareholders' equity</b>					
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					
400,668,354 ordinary shares of Baht 1 each					
(2009: 398,158,472 ordinary shares of Baht 1 each)	22	400,668,354	398,158,472	400,668,354	398,158,472
Share premium	22	769,133,751	764,113,987	769,133,751	764,113,987
Unrealised gain					
Revaluation surplus on land	15	209,302,882	209,302,882	209,302,882	209,302,882
Translation adjustment		13,388,103	5,972,483	-	-
Retained earnings					
Appropriated – statutory reserve	23	41,000,000	41,000,000	41,000,000	41,000,000
Unappropriated		1,269,980,603	1,437,478,042	1,567,000,917	1,634,126,404
Equity attributable to the Company's shareholders		2,703,473,693	2,856,025,866	2,987,105,904	3,046,701,745
Minority interest – equity attributable to minority shareholders of subsidiaries		10,790,327	10,318,772	-	-
<b>Total shareholders' equity</b>		<b>2,714,264,020</b>	<b>2,866,344,638</b>	<b>2,987,105,904</b>	<b>3,046,701,745</b>
<b>Total liabilities and shareholders' equity</b>		<b>4,231,274,123</b>	<b>4,268,386,054</b>	<b>4,124,636,683</b>	<b>4,069,563,683</b>

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



## Financial Statements

### Pranda Jewelry Public Company Limited and its subsidiaries

#### Income statements

For the years ended 31 December 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Revenues</b>					
Sales		4,055,765,470	3,663,588,659	3,067,361,950	2,759,230,607
Other income					
Interest income		5,641,015	3,184,443	37,712,902	13,156,054
Others		27,556,076	34,930,345	56,992,233	54,633,124
<b>Total revenues</b>		<b>4,088,962,561</b>	<b>3,701,703,447</b>	<b>3,162,067,085</b>	<b>2,827,019,785</b>
<b>Expenses</b>					
Cost of sales		2,709,493,103	2,368,032,634	2,335,487,369	1,966,420,089
Selling expenses		413,494,385	430,876,859	79,953,082	118,117,270
Administrative expenses		387,007,729	460,527,805	170,382,505	228,895,422
Management benefit expenses	6	75,856,883	75,138,651	29,410,406	28,477,938
Other expenses					
Loss on exchange		149,684,312	20,937,036	148,411,927	25,172,743
Allowance for impairment loss on investments in subsidiaries		-	-	-	38,000,000
<b>Total expenses</b>		<b>3,735,536,412</b>	<b>3,355,512,985</b>	<b>2,763,645,289</b>	<b>2,405,083,462</b>
<b>Income before share of income (loss) from investments in associates, finance cost and corporate income tax</b>		<b>353,426,149</b>	<b>346,190,462</b>	<b>398,421,796</b>	<b>421,936,323</b>
Share of income (loss) from investments in associates	13.2	(10,359,758)	4,747,453	-	-
<b>Income before finance cost and corporate income tax</b>		<b>343,066,391</b>	<b>350,937,915</b>	<b>398,421,796</b>	<b>421,936,323</b>
Finance cost		(35,463,563)	(43,678,516)	(23,623,190)	(34,589,226)
<b>Income before corporate income tax</b>		<b>307,602,828</b>	<b>307,259,399</b>	<b>374,798,606</b>	<b>387,347,097</b>
Corporate income tax	25	(63,406,629)	(50,401,343)	(31,001,854)	(29,443,086)
<b>Net income for the year</b>		<b>244,196,199</b>	<b>256,858,056</b>	<b>343,796,752</b>	<b>357,904,011</b>
<b>Net income attributable to:</b>					
Equity holders of the parent		243,424,800	256,371,516	343,796,752	357,904,011
Minority interest of the subsidiaries		771,399	486,540		
		<b>244,196,199</b>	<b>256,858,056</b>		
<b>Earnings per share</b>	27				
Basic earnings per share					
Net income attributable to equity holders of the parent		0.61	0.65	0.86	0.90
Weighted average number of ordinary shares (shares)		399,072,815	396,611,611	399,072,815	396,611,611
Diluted earnings per share					
Net income attributable to equity holders of the parent		0.60	0.64	0.85	0.90
Weighted average number of ordinary shares (shares)		404,204,746	399,165,574	404,204,746	399,165,574

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

**Pranda Jewelry Public Company Limited and its subsidiaries**  
**Statements of changes in shareholder's equity**  
**For the years ended 31 December 2010 and 2009**

(Unit: Baht)

	Consolidated financial statements							
	Equity attributable to the parent's shareholders				Retained earnings		Minority interest – equity	Total
	Issued and fully paid-up share capital	Share premium	Revaluation surplus on land	Translation adjustment	Appropriated	Unappropriated		
<b>Balance as at 31 December 2008</b>	395,748,590	759,294,223	209,302,882	13,657,643	41,000,000	1,379,220,559	9,926,734	2,808,150,631
<b>Income and expenses recognised directly in equity:</b>								
Translation adjustment	-	-	-	(7,685,160)	-	-	(40,194)	(7,725,354)
<b>Net income and expenses recognised directly in equity</b>	-	-	-	(7,685,160)	-	-	(40,194)	(7,725,354)
Net income for the year	-	-	-	-	-	256,371,516	486,540	256,858,056
<b>Total income and expenses for the year</b>	-	-	-	(7,685,160)	-	256,371,516	446,346	249,132,702
Dividend paid (Note 30)	-	-	-	-	-	(198,114,033)	-	(198,114,033)
Ordinary shares issuance from exercised warrants	2,409,882	4,819,764	-	-	-	-	-	7,229,646
Decrease in minority interest – equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	(54,308)	(54,308)
<b>Balance as at 31 December 2009</b>	398,158,472	764,113,987	209,302,882	5,972,483	41,000,000	1,437,478,042	10,318,772	2,866,344,638
<b>Balance as at 31 December 2009</b>	398,158,472	764,113,987	209,302,882	5,972,483	41,000,000	1,437,478,042	10,318,772	2,866,344,638
<b>Income and expenses recognised directly in equity:</b>								
Translation adjustment	-	-	-	7,415,620	-	-	(250,262)	7,165,358
<b>Net income and expenses recognised directly in equity</b>	-	-	-	7,415,620	-	-	(250,262)	7,165,358
Net income for the year	-	-	-	-	-	243,424,800	771,399	244,196,199
<b>Total income and expenses for the year</b>	-	-	-	7,415,620	-	243,424,800	521,137	251,361,557
Dividend paid (Note 30)	-	-	-	-	-	(410,922,239)	-	(410,922,239)
Ordinary shares issuance from exercised warrants (Note 22)	2,509,882	5,019,764	-	-	-	-	-	7,529,646
Decrease in minority interest – equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	(49,582)	(49,582)
<b>Balance as at 31 December 2010</b>	400,668,354	769,133,751	209,302,882	13,388,103	41,000,000	1,269,980,603	10,790,327	2,714,264,020

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

**Pranda Jewelry Public Company Limited and its subsidiaries**  
**Statements of changes in shareholders' equity (continued)**  
**For the years ended 31 December 2010 and 2009**

(Unit: Baht)

	Separate financial statements				
	Issued and fully paid-up share capital	Share premium	Revaluation surplus on land	Retained earnings	
				Appropriated	Unappropriated
					Total
<b>Balance as at 31 December 2008</b>	395,748,590	759,294,223	209,302,882	41,000,000	1,474,336,426
Net income for the year	-	-	-	-	357,904,011
Dividend paid (Note 30)	-	-	-	-	(198,114,033)
Ordinary shares issuance from exercised warrants	2,409,882	4,819,764	-	-	7,229,646
<b>Balance as at 31 December 2009</b>	398,158,472	764,113,987	209,302,882	41,000,000	1,634,126,404
<b>Balance as at 31 December 2009</b>	398,158,472	764,113,987	209,302,882	41,000,000	1,634,126,404
Net income for the year	-	-	-	-	343,796,752
Dividend paid (Note 30)	-	-	-	-	(410,922,239)
Ordinary shares issuance from exercised warrants (Note 22)	2,509,882	5,019,764	-	-	7,529,646
<b>Balance as at 31 December 2010</b>	400,668,354	769,133,751	209,302,882	41,000,000	1,567,000,917
<b>Balance as at 31 December 2010</b>	400,668,354	769,133,751	209,302,882	41,000,000	1,567,000,917
					2,987,105,904

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

## Pranda Jewelry Public Company Limited and its subsidiaries

## Cash flows statements

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Cash flows from operating activities</b>				
Net income before tax	307,602,828	307,259,399	374,798,606	387,347,097
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	73,648,449	73,246,008	42,508,035	41,318,249
Amortisation of leasehold rights	2,484,399	2,484,399	-	-
Write-off machinery and equipment	1,671,131	969,051	172,916	91,739
Allowance for impairment loss on equipment	584,628	452,826	584,628	452,826
Amortisation of discounted value of government bond	(64,524)	(64,525)	(64,524)	(64,525)
Write-off other long-term investment	-	25,000	-	25,000
Allowance for doubtful accounts (reversal)	(11,474,791)	61,220,749	(1,697,603)	64,823,681
Write-off bad debts	2,823,979	2,858,822	2,823,979	778,437
Allowance for diminution in value of inventories	22,151,415	34,944,479	15,000,000	8,000,000
Gain on sales of equipment	(669,239)	(95,042)	(482,923)	(93,690)
Allowance for impairment loss on investments in subsidiaries	-	-	-	38,000,000
Share of loss (income) from investments in associates	10,359,758	(4,747,453)	-	-
Unrealised loss on exchange	31,298,586	21,824,979	159,329,537	36,925,031
Interest income	(5,641,015)	(3,184,443)	(37,712,902)	(13,156,054)
Interest expenses	33,818,454	42,204,458	23,623,190	34,589,226
Income from operating activities before changes in operating assets and liabilities	468,594,058	539,398,707	578,882,939	599,037,017
Operating assets (increase) decrease				
Trade accounts receivable	(37,365,158)	(2,182,263)	(213,021,833)	(70,503,478)
Amounts due from related parties	1,033,658	(4,363,125)	(55,598,178)	(46,309,552)
Inventories	(8,321,737)	(46,534,584)	17,385,147	(18,466,692)
Other current assets	(11,884,045)	(10,372,911)	(4,388,088)	(341,308)
Other non-current assets	(11,569,962)	(1,615,598)	(9,032,822)	294,271
Operating liabilities increase (decrease)				
Trade accounts and notes payable	116,149,399	15,005,316	152,284,527	(5,247,804)
Amounts due to related parties	(61,719)	215,619	(1,733,139)	(1,232,759)
Accrued expenses	5,294,515	13,748,421	10,069,791	(669,524)
Advance received for goods	(13,733,230)	24,600,249	(18,099,957)	21,437,566
Other current liabilities	204,124	(2,436,952)	4,584,984	836,108
Other non-current liabilities	(742,229)	(206,951)	-	-
Cash flows from operating activities	507,597,674	525,255,928	461,333,371	478,833,845
Cash paid for interest expenses	(36,119,029)	(41,433,364)	(26,035,885)	(33,993,588)
Cash paid for corporate income tax	(39,889,386)	(39,067,533)	(21,818,457)	(23,529,605)
<b>Net cash flows from operating activities</b>	<b>431,589,259</b>	<b>444,755,031</b>	<b>413,479,029</b>	<b>421,310,652</b>

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

## Financial Statements

### Pranda Jewelry Public Company Limited and its subsidiaries

#### Cash flows statements (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Cash flows from investing activities</b>				
Increase in current investments – deposits at financial institutions	(398,187)	–	–	–
Decrease (increase) in restricted bank deposits	(1,949,281)	1,554,615	69,148	1,562,403
Decrease (increase) in short-term loans to related parties	(2,265,675)	(1,000,000)	12,734,325	3,838,000
Decrease in long-term loans to related parties	–	–	15,907,280	–
Decrease in advances for investment	–	–	7,263,661	6,197,401
Payment for investment in convertible debentures issued by subsidiary	–	–	(24,810,000)	(24,870,000)
Acquisition of property, plant and equipment	(114,882,195)	(85,449,626)	(86,255,433)	(24,435,138)
Acquisition of land held for development	–	(22,482,000)	–	(22,482,000)
Proceeds from sales of equipment	676,528	104,795	483,622	93,695
Cash receipt from interest income	5,461,734	2,555,561	34,761,776	20,465,220
<b>Net cash flows used in investing activities</b>	<b>(113,357,076)</b>	<b>(104,716,655)</b>	<b>(39,845,621)</b>	<b>(39,630,419)</b>
<b>Cash flows from financing activities</b>				
Increase in bank overdrafts and short-term loans from financial institutions	164,025,020	42,365,974	118,470,131	92,292,827
Cash receipt from long-term loans	–	41,000,000	–	–
Repayment of long-term loans	(164,170,229)	(160,712,222)	(157,560,000)	(157,560,000)
Decrease in long-term loan from related party	–	(360,045)	–	–
Proceeds from ordinary shares issuance from exercised warrants	7,529,646	7,229,646	7,529,646	7,229,646
Dividend paid	(410,922,239)	(198,114,033)	(410,922,239)	(198,114,033)
Cash payment to minority interest of subsidiary	(49,582)	(54,308)	–	–
<b>Net cash flows used in financing activities</b>	<b>(403,587,384)</b>	<b>(268,644,988)</b>	<b>(442,482,462)</b>	<b>(256,151,560)</b>
<b>Increase (decrease) in translation adjustment</b>	<b>10,813,310</b>	<b>(5,298,292)</b>	<b>–</b>	<b>–</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(74,541,891)</b>	<b>66,095,096</b>	<b>(68,849,054)</b>	<b>125,528,673</b>
Cash and cash equivalents at beginning of year	460,252,719	394,157,623	276,227,966	150,699,293
<b>Cash and cash equivalents at end of year</b>	<b>385,710,828</b>	<b>460,252,719</b>	<b>207,378,912</b>	<b>276,227,966</b>
<b>Supplemental cash flows information:</b>				
Non cash transactions:				
The conversion of the Company's trade accounts receivable and amounts due from related party to become investments in subsidiary	–	–	127,188,152	–
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.

**Pranda Jewelry Public Company Limited and its subsidiaries**  
**Notes to consolidated financial statements**  
**For the years ended 31 December 2010 and 2009**

## **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.

## **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.



## Financial Statements

### 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	
			<u>2010</u> Percent	<u>2009</u> 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
Guangzhou Pangda Zhubao Shoushi Youxian Gongs (formerly known as "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	
			<u>2010</u> Percent	<u>2009</u> 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:

	For the years ended 31 December											
	Assets included in the consolidated total assets				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 2010		31 December 2009		2010		2009		2010		2009	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
<b>Subsidiaries which the financial statements were audited by the Company's auditor</b>												
Primagold International Co., Ltd.	577	13.64	531	12.44	588	14.38	519	14.00	56	25.69	23	8.95
Crystalline Co., Ltd.	125	2.95	130	3.05	155	3.79	141	3.81	17	7.34	(3)	(1.17)
	702	16.59	661	15.49	743	18.17	660	17.81	73	33.03	20	7.78
<b>Subsidiaries which the financial statements were audited by their auditors</b>												
Pranda Lodging Co., Ltd.	45	1.06	29	0.68	15	0.37	14	0.38	4	1.65	1	0.39
Pranda Vietnam Co., Ltd.	98	2.32	87	2.04	57	1.40	24	0.65	19	7.82	7	2.73
Pranda UK Ltd.	236	5.58	289	6.77	186	4.55	204	5.50	(47)	(19.34)	(34)	(13.23)
H.GRINGOIRE s.a.r.l.	193	4.56	173	4.05	144	3.52	132	3.56	(22)	(9.06)	(55)	(21.40)
Pranda North America, Inc.	367	8.67	304	7.12	1,001	24.48	1,014	27.36	25	10.29	5	1.95
Guangzhou Pangda Zhubao Shoushi Youxian Gongsi (formerly known as "Pranda (Guangzhou) Co., Ltd.")	76	1.80	65	1.52	31	0.76	24	0.65	(25)	(10.29)	(18)	(7.00)
Pranda & Kroll GmbH & Co. KG (included the financial statements of KSV Brand GmbH)	164	3.88	194	4.55	243	5.94	253	6.83	(66)	(27.16)	(65)	(25.29)
Pranda Jewelry Private Limited	65	1.54	58	1.36	115	2.81	72	1.94	4	1.65	-	-
	1,244	29.41	1,199	28.09	1,792	43.83	1,737	46.87	(108)	(44.44)	(159)	(61.85)
<b>Subsidiary which the financial statements was prepared by the management of the subsidiary and not audited by its auditor</b>												
Pranda Singapore Pte. Limited (included the financial statements of Pranda Acceptance Sdn. Bhd.)	56	1.32	71	1.66	-	-	4	0.11	(13)	(5.35)	4	1.56
	56	1.32	71	1.66	-	-	4	0.11	(13)	(5.35)	4	1.56

## Financial Statements

- 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 using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the balance sheet date, and revenues and expenses translated using monthly average exchange rates. The resulting 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

During the current year, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below.

- a) Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Framework for the Preparation and Presentation of Financial Statements (revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans

TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate

b) Accounting standards that are effective for fiscal years beginning on or after 1 January 2013:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards which management expects the impact on the financial statements in the year when they are adopted.

### **TAS 19 Employee Benefits**

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits or liabilities arising from other defined benefit plans using actuarial techniques. Currently, the entity accounts for such employee benefits when they are incurred.

At present, the employee benefits based on actuarial calculation techniques are being prepared and the management is evaluating the impact on the financial statements in the year when this standard is adopted.

## Financial Statements

### **TAS 12 Income Taxes**

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

## **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.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised as income or expenses in the income statement.

#### 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.



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Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Land improvements		20 years
Buildings		14, 20, 40 years
Leasehold improvements	period of lease	(15, 40 years)
Machinery		5 – 7 years
Furniture, fixtures and equipment		3 – 7 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

### 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 Long-term leases**

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

#### **4.11 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.

#### **4.12 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.

#### **4.13 Employee benefits**

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

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### 4.14 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.

### 4.15 Income tax

Income tax of the Company and its subsidiaries (in Thailand) are provided in the accounts at the amount expected to be paid to the taxation authorities, 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
	2010	2009	2010	2009	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	1,474	1,439	Normal business price close to those charged to other customers
Purchases of goods and raw materials	-	-	290	176	Standard cost or market price
Loan interest income	-	-	32	9	Per loan agreement
Interest income on overdue payment	-	-	2	2	7.5 percent per annum
Guarantee fee income	-	-	2	1	1 percent per annum
Service income	-	-	33	32	Cost plus margin
Management income	-	-	16	15	Agreed between the parties
Commission payments	-	-	1	1	Agreed between the parties
<u>Transactions with associates</u>					
Sales of goods	16	1	16	1	Normal business price close to those charged to other customers
Purchases of goods and raw materials	501	424	494	410	Market price
<u>Transactions with related companies</u>					
Sales of goods	55	42	50	25	Normal business price close to those charged to other customers
Purchase of goods	75	46	1	-	Market price
Loan interest income	1	1	1	1	Per loan agreement
Rental expenses	-	3	-	-	Contract price
Service expenses	3	-	3	-	Agree between the parties
Acquisition of office condominium units	-	40	-	-	Contract price
<u>Transactions with management and directors</u>					
Sales of goods	6	-	6	-	Normal business price close to those changed to other customers
Commission payments	2	-	2	-	Agreed between the parties

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As at 31 December 2010 and 2009, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b><u>Trade accounts receivable – related parties</u></b>				
<b>Subsidiaries</b>				
Primagold International Co., Ltd.	-	-	51.0	87.4
Crystalline Co., Ltd.	-	-	13.5	14.0
Pranda UK Ltd	-	-	91.7	61.2
H.GRINGOIRE s.a.r.l.	-	-	112.2	207.9
Pranda North America, Inc.	-	-	197.9	131.5
Pranda Vietnam Co., Ltd.	-	-	19.5	9.5
Guangzhou Pangda Zhubao Shoushi Youxian Gongsi (formerly known as "Pranda (Guangzhou) Co., Ltd.")	-	-	3.5	2.8
Pranda & Kroll GmbH & Co. KG	-	-	143.6	66.8
Pranda Jewelry Private Limited	-	-	0.4	1.8
Total trade accounts receivable – subsidiaries	-	-	633.3	582.9
<b>Associated company</b>				
P.T. Pranda SCL Indonesia	15.9	-	15.9	-
<b>Related companies</b>				
PT. Gold Martindo	-	3.1	-	1.8
Gunjan Jewels Pvt Ltd.	11.6	24.7	11.6	24.7
A-List Corporate Co., Ltd.	4.4	1.9	0.6	0.3
Total trade accounts receivable – related companies	16.0	29.7	12.2	26.8
<b>Total trade accounts receivable – related parties</b>	<b>31.9</b>	<b>29.7</b>	<b>661.4</b>	<b>609.7</b>

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b><u>Amounts due from related parties</u></b>				
<b>Subsidiaries</b>				
Primagold International Co., Ltd.	-	-	41.2	23.7
Pranda North America, Inc.	-	-	9.9	12.5
Guangzhou Pangda Zhubao Shoushi Youxian Gongsi (formerly known as "Pranda (Guangzhou) Co., Ltd.")	-	-	115.3	84.6
H.GRINGOIRE s.a.r.l.	-	-	-	0.8
Pranda & Kroll GmbH & Co. KG	-	-	9.0	7.8
Others	-	-	1.8	1.9
Total	-	-	177.2	131.3
Less: Allowance for doubtful accounts	-	-	(17.0)	(17.0)
Total amounts due from subsidiaries – net	-	-	160.2	114.3
<b>Associated company</b>				
P.T. Pranda SCL Indonesia	0.8	1.9	0.1	1.9
<b>Related company</b>				
PT. Gold Martindo	-	3.9	-	3.9
<b>Related party</b>				
Subsidiary's director	10.0	9.9	-	-
<b>Total amounts due from related parties – net</b>	<b>10.8</b>	<b>15.7</b>	<b>160.3</b>	<b>120.1</b>

In November 2010, the Company converted the Company's trade accounts receivable and amounts due from an overseas subsidiary, H. GRINGOIRE s.a.r.l., of approximately Baht 127.2 million to additional investments in such subsidiary as described in Note 12 to the financial statements.

	(Unit: Million Baht)					
	Consolidated financial statements		Separate financial statements		Interest policies	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	(percent per annum)					
<b><u>Short-term loans to related parties</u></b>						
<b>Subsidiaries</b>						
Primagold International Co., Ltd.	-	-	50.0	50.0	6.5	6.5
Pranda Singapore Pte. Limited	-	-	2.3	2.4	5.0	5.0
Total	-	-	52.3	52.4		
Less: Allowance for doubtful accounts	-	-	(1.1)	(1.2)		
Total short-term loans to subsidiaries – net	-	-	51.2	51.2		

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	(Unit: Million Baht)					
	Consolidated financial statements		Separate financial statements		Interest policies	
	2010	2009	2010	2009	2010	2009
					(percent per annum)	
<b>Related companies</b>						
PT. Gold Martindo	-	12.7	-	12.7	-	5.0
A-List Corporate Co., Ltd.	13.0	1.0	-	-	7.0	8.0
Supree Holding Co., Ltd.	3.0	-	-	-	7.0	-
Total short-term loans to related companies	16.0	13.7	-	12.7		
<b>Total short-term loans to related parties – net</b>	<b>16.0</b>	<b>13.7</b>	<b>51.2</b>	<b>63.9</b>		

### Short-term loans to related companies

A subsidiary granted short-term loan to a related company, A-List Corporate Co., Ltd, and this loan is secured by the director of this related company and repayable on demand. In addition, the subsidiary granted short-term loan to a related company, Supree Holding Co., Ltd, and this loan is unsecured and repayable on demand.

	(Unit: Million Baht)					
	Consolidated financial statements		Separate financial statements		Interest policies	
	2010	2009	2010	2009	2010	2009
					(percent per annum)	
<b><u>Current portion of long-term loans to related parties</u></b>						
<b>Subsidiaries</b>						
Pranda & Kroll GmbH & Co. KG	-	-	-	19.0	-	7.5
Pranda UK Ltd.	-	-	13.9	10.5	7.5	7.5
<b>Total current portion of long-term loans to related parties</b>	<b>-</b>	<b>-</b>	<b>13.9</b>	<b>29.5</b>		
<b><u>Advances for investment</u></b>						
<b>Subsidiary</b>						
Pranda Vietnam Co., Ltd.	-	-	4.9	10.6		
<b>Total advances for investment</b>	<b>-</b>	<b>-</b>	<b>4.9</b>	<b>10.6</b>		
<b><u>Amounts due from related party</u></b>						
<b>Subsidiary</b>						
Crystalline Co., Ltd.	-	-	45.3	41.3		
<b>Total amounts due from related party</b>	<b>-</b>	<b>-</b>	<b>45.3</b>	<b>41.3</b>		



	(Unit: Million Baht)					
	Consolidated financial statements		Separate financial statements		Interest policies	
	2010	2009	2010	2009	2010	2009
					(percent per annum)	
<b><u>Long-term loans to related parties</u></b>						
<b>Subsidiaries</b>						
Pranda & Kroll GmbH & Co. KG	-	-	114.9	123.4	7.5	7.5
Pranda UK Ltd.	-	-	195.1	237.0	7.5	7.5
Pranda Singapore Pte. Limited	-	-	5.7	6.9	Interest free loan	
Total	-	-	315.7	367.3		
Less: Allowance for doubtful accounts	-	-	(5.7)	(6.9)		
<b>Total long-term loans to related parties – net</b>	-	-	310.0	360.4		

**Long-term loans to related parties**

The long-term loan granted to a subsidiary, Pranda Singapore Pte. Limited, is unsecured and repayable on demand. No interest is to be charged.

The long-term loan granted to a subsidiary, Pranda & Kroll GmbH & Co. KG, is unsecured and repayable within 5 years. Interest is repayable every quarter. In addition, in September 2010, the Company amended the loan agreement by rescheduling the payment of loan and determining the payment every quarter as from March 2012 to December 2014.

The long-term loan granted to a subsidiary, Pranda UK Ltd, is unsecured and repayable every quarter within 10 years as from March 2010 to December 2019. Interest is repayable every quarter.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b><u>Trade accounts payable – related parties</u></b>				
<b>Subsidiaries</b>				
Crystalline Co., Ltd.	-	-	1.1	0.2
Pranda North America, Inc..	-	-	1.5	1.8
Pranda & Kroll GmbH & Co. KG	-	-	0.1	-
Guangzhou Pangda Zhubao Shoushi Youxian Gongsi (formerly known as “Pranda (Guangzhou) Co., Ltd.”)	-	-	4.7	1.1
Total trade accounts payable – subsidiaries	-	-	7.4	3.1
<b>Associated company</b>				
P.T. Pranda SCL Indonesia	2.1	4.9	-	-

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	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Related companies</b>				
Gunjan Jewels Pvt Ltd.	5.6	28.6	-	-
Forward Freeland Co., Ltd.	0.3	0.3	0.3	0.3
Total trade accounts payable – related companies	5.9	28.9	0.3	0.3
<b>Management and director</b>				
Subsidiary's director	0.6	1.2	-	-
<b>Total trade accounts payable – related parties</b>	<b>8.6</b>	<b>35.0</b>	<b>7.7</b>	<b>3.4</b>
<b>Amounts due to related parties</b>				
<b>Subsidiaries</b>				
Primagold International Co., Ltd.	-	-	0.2	1.7
Pranda UK Ltd.	-	-	0.2	0.2
Pranda North America, Inc.	-	-	0.1	0.1
H.GRINGOIRE s.a.r.l.	-	-	0.8	-
Pranda & Kroll GmbH & Co. KG	-	-	-	1.0
Total amounts due to subsidiaries	-	-	1.3	3.0
<b>Related company</b>				
Forward Freeland Co., Ltd.	0.2	0.1	-	-
<b>Management and director</b>				
Subsidiary's director	-	0.1	0.1	0.1
<b>Total amounts due to related parties</b>	<b>0.2</b>	<b>0.2</b>	<b>1.4</b>	<b>3.1</b>

During 2010, movements of loans to related parties were as follow:

	(Unit: Million Baht)				
	Consolidated financial statements				
	Balance as at 1 January 2010	During the year		Unrealised loss on exchange	Balance as at 31 December 2010
		Increase	Decrease		
<b><u>Short-term loans to related parties</u></b>					
<b>Related companies</b>					
PT. Gold Martindo	12.7	-	(12.7)	-	-
A-List Corporate Co., Ltd.	1.0	12.0	-	-	13.0
Supree Holding Co., Ltd.	-	3.0	-	-	3.0

	(Unit: Million Baht)				
	Separate financial statements				
	Balance as at 1 January 2010	During the year		Unrealised loss on exchange	Balance as at 31 December 2010
		Increase	Decrease		
<b><u>Short-term loans to related parties</u></b>					
<b>Subsidiaries</b>					
Primagold International Co., Ltd.	50.0	-	-	-	50.0
Pranda Singapore Pte. Limited	2.4	-	-	(0.1)	2.3
<b>Related company</b>					
PT. Gold Martindo	12.7	-	(12.7)	-	-
<b><u>Long-term loans to related parties</u></b>					
<b>Subsidiaries</b>					
Pranda & Kroll GmbH & Co. KG	142.4	-	(4.9)	(22.6)	114.9
Pranda UK Ltd.	247.5	-	(11.0)	(27.5)	209.0
Pranda Singapore Pte. Limited	6.9	-	-	(1.2)	5.7

**Directors and management's benefits**

In 2010, the Company and its subsidiaries had salaries, bonus, meeting allowances and gratuities of their directors and management recognised as expenses totaling Baht 75.9 million (Separate financial statements: Baht 29.4 million) (2009: Baht 75.1 million, Separate financial statements: Baht 28.5 million).

**Guarantee obligations with related parties**

The Company has outstanding guarantee obligations with its related parties, as described in Note 31.3 (a) to the financial statements.

## 7. Cash and cash equivalents

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash	3,310,492	4,458,732	361,000	361,000
Bank deposits	302,400,336	371,235,987	127,017,912	200,866,966
Bills of exchange	80,000,000	84,558,000	80,000,000	75,000,000
Total	385,710,828	460,252,719	207,378,912	276,227,966

As at 31 December 2010, bank deposits and bills of exchange carried interests between 0.01 and 1.9 percent per annum (2009: between 0.1 and 1.25 percent per annum).

## 8. Trade accounts receivable

The balances of trade accounts receivable as at 31 December 2010 and 2009, aged on the basis of due dates, as summarised below.

(Unit: Thousand Baht)						
Age of receivables	Consolidated financial statements					
	Trade accounts receivable – related parties		Trade accounts receivable – unrelated parties		Total	
	2010	2009	2010	2009	2010	2009
Not yet due	13,365	4,670	300,641	464,311	314,006	468,981
Past due						
Up to 3 months	16,277	10,847	351,578	143,726	367,855	154,573
3 – 6 months	1,995	7,294	38,461	29,873	40,456	37,167
6 – 12 months	9	4,633	31,041	70,344	31,050	74,977
Over 12 months	208	2,248	277,461	293,259	277,669	295,507
Total	31,854	29,692	999,182	1,001,513	1,031,036	1,031,205
Less: Allowance for doubtful debts	–	–	(136,021)	(147,496)	(136,021)	(147,496)
Trade accounts receivable – net	31,854	29,692	863,161	854,017	895,015	883,709

(Unit: Thousand Baht)						
Age of receivables	Separate financial statements					
	Trade accounts receivable – related parties		Trade accounts receivable – unrelated parties		Total	
	2010	2009	2010	2009	2010	2009
Not yet due	215,484	191,457	102,700	117,739	318,184	309,196
Past due						
Up to 3 months	178,488	145,605	67,251	61,129	245,739	206,734
3 – 6 months	75,090	60,213	2,270	3,089	77,360	63,302
6 – 12 months	118,790	45,607	2,101	43,087	120,891	88,694
Over 12 months	73,584	166,863	202,264	214,285	275,848	381,148
Total	661,436	609,745	376,586	439,329	1,038,022	1,049,074
Less: Allowance for doubtful debts	(51,044)	(42,392)	(95,427)	(105,776)	(146,471)	(148,168)
Trade accounts receivable – net	610,392	567,353	281,159	333,553	891,551	900,906

During 2010, sales by an overseas subsidiary company, Pranda North America, Inc. to a significant customer totaled USD 27 million, or approximately Baht 872 million, equivalent to 86 percent of its net sales (2009: USD 26 million, or approximately Baht 876 million, equivalent to 86 percent of the net sales of the subsidiary).

## 9. Inventories

(Unit: Baht)						
Consolidated financial statements						
	Cost		Allowance for diminution in value of inventories		Inventories-net	
	2010	2009	2010	2009	2010	2009
Finished goods	1,055,195,585	1,057,123,547	(133,768,373)	(132,568,776)	921,427,212	924,554,771
Work in process	225,178,528	275,501,092	-	-	225,178,528	275,501,092
Raw materials	539,215,369	491,784,967	(89,943,791)	(74,796,371)	449,271,578	416,988,596
Factory supplies	9,171,405	6,989,134	-	-	9,171,405	6,989,134
Goods in transit	10,959,590	-	-	-	10,959,590	-
Total	1,839,720,477	1,831,398,740	(223,712,164)	(207,365,147)	1,616,008,313	1,624,033,593

(Unit: Baht)						
Separate financial statements						
	Cost		Allowance for diminution in value of inventories		Inventories-net	
	2010	2009	2010	2009	2010	2009
Finished goods	219,734,181	235,033,639	(80,684,250)	(79,114,250)	139,049,931	155,919,389
Work in process	217,589,975	260,703,551	-	-	217,589,975	260,703,551
Raw materials	462,543,414	423,866,104	(85,026,371)	(71,596,371)	377,517,043	352,269,733
Factory supplies	5,956,941	3,748,674	-	-	5,956,941	3,748,674
Goods in transit	142,310	-	-	-	142,310	-
Total	905,966,821	923,351,968	(165,710,621)	(150,710,621)	740,256,200	772,641,347

## 10. Restricted bank deposits

The outstanding balances as at 31 December 2010, represented the subsidiaries' deposits with banks, pledged to secure the credit facilities for forward exchange contracts and the letters of guarantee issued by banks on behalf of subsidiaries for electricity use.

The outstanding balances as at 31 December 2009, represented the Company's deposit with bank, pledged to secure the letters of guarantee for the purchase of raw material of the Company and the subsidiaries' deposits with banks, pledged to secure the letters of guarantee issued by banks on behalf of such subsidiaries for electricity use.

## 11. Investment in convertible debentures issued by subsidiary

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Investment in convertible debentures issued by subsidiary	–	–	43,062,900	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.

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.

As at 31 December 2010, the Company had outstanding of 69,000 units of convertible debentures with a par value of Indian Rupee 1,000 each, totaling of Indian Rupee 69 million or approximately of Baht 43.1 million, with the interest rate of 7.5 percent per annum.

## 12. Investments in subsidiaries

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

Company's name	(Unit: Thousand Baht)						
	Paid-up capital		Currency	Shareholding percentage		Cost	
	2010	2009		2010 Percent	2009 Percent	2010	2009
Pranda North America, Inc.	2	2	Thousand USD	100	100	120,283	120,283
H.GRINGOIRE s.a.r.l.	5	1.893	Million EUR	100	100	344,423	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.)	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
Guangzhou Pangda Zhubao Shoushi Youxian Gongsi (formerly known as "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						1,178,838	1,051,650
Less: Allowance for impairment of investments						(491,490)	(491,490)
Investments in subsidiaries – net						687,348	560,160

During 2010 and 2009, no dividend income was received from its investments in subsidiaries.

In November 2010, the Company had entered into memorandum of understanding with an overseas subsidiary company, H.GRINGOIRE s.a.r.l., to convert the Company's trade accounts receivable and amounts due from the subsidiary company, H.GRINGOIRE s.a.r.l., of approximately USD 1.0 Million and Euro 2.4 Million or a total of Baht 127.2 million to increase the share capital in such subsidiary by approximately Euro 3.1 million. As a result, the Company's shareholding in that company remains unchanged at 100 percent.



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### 13. Investments in associates

#### 13.1 Details of associates:

(Unit: Thousand Baht)						
Company's name	Nature of business	Country of incorporation	Consolidated financial statements			
			Shareholding percentage		Investments value – equity method	
			2010 Percent	2009 Percent	2010	2009
KZ-Pranda Co., Ltd.	Import and distribution of raw materials – precious metals	Thailand				
– Cost			40	40	3,600	3,600
– Accumulated share income (loss)					648	(1,646)
					4,248	1,954
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					25,044	37,698
– Translation adjustment					(8,734)	(7,529)
					55,719	69,578
Total carrying amounts based on equity method					59,967	71,532

(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
			2010 Percent	2009 Percent	2010	2009	2010	2009	2010 2009
KZ-Pranda Co., Ltd.	Import and distribution of raw materials – precious metals	Thailand	40	40	3,600	3,600	(3,600)	(3,600)	– –

### 13.2 Share of income (loss)

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

Company's name	(Unit: Thousand Baht)	
	Consolidated financial statements	
	Share of income (loss) from investments in associates during the year	
	2010	2009
P.T. Pranda SCL Indonesia	(12,654)	4,405
KZ-Pranda Co., Ltd.	2,294	342
Total	(10,360)	4,747

During 2010 and 2009, the Company and its subsidiaries received no dividend income from their investments in associates.

The share of income (loss) 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.

### 13.3 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 years ended 31 December		Net income (loss) for the years ended 31 December	
	2010	2009		2010	2009	2010	2009	2010	2009	2010	2009
KZ-Pranda Co., Ltd.	9	9	Million Baht	194	133	184	128	1,729	1,638	6	1
P.T. Pranda SCL Indonesia	4,000	4,000	Million Rupiah Indonesia	220	202	145	121	159	218	(23)	9

## 14. Other long-term investments

The outstanding balances represented investments in government bonds which classified as held-to maturity debt securities.

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

## 15. Property, plant and equipment

	Consolidated financial statements								(Unit: Baht)
	Revaluation basis	Cost basis							Total
	Land	Land improvement	Building	Leasehold improvement	Machinery	Furniture fixtures and equipment	Motor vehicles	Assets under installation and under construction	
<b>Cost / Revalued amount:</b>									
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
Additions	22,291,311	17,435	19,534,286	733,669	9,275,962	28,678,781	5,667,524	28,683,227	114,882,195
Disposals	-	-	-	(100,520)	(461,012)	(43,574,556)	(933,361)	(8,924)	(45,078,373)
Transfers	22,482,000	-	1,954,069	-	800,000	1,662,222	24,000	(4,440,291)	22,482,000
Translation adjustment	(296,240)	-	(5,326,734)	(634,915)	(2,654,856)	(10,768,350)	(715,584)	-	(20,396,679)
31 December 2010	315,494,910	7,593,394	467,432,205	22,245,294	179,696,774	414,061,336	30,247,681	26,366,032	1,463,137,626
<b>Accumulated depreciation:</b>									
31 December 2009	-	5,937,393	272,294,642	16,451,488	123,072,558	357,769,734	19,316,580	-	794,842,395
Depreciation for the year	-	254,716	21,992,269	1,158,317	15,591,247	27,790,649	2,900,057	-	69,687,255
Depreciation on disposals	-	-	-	(93,676)	(461,005)	(41,524,619)	(931,823)	-	(43,011,123)
Translation adjustment	-	-	(2,375,800)	(183,129)	(1,723,409)	(8,211,081)	(411,885)	-	(12,905,304)
31 December 2010	-	6,192,109	291,911,111	17,333,000	136,479,391	335,824,683	20,872,929	-	808,613,223
<b>Allowance for impairment loss:</b>									
31 December 2009	-	-	-	-	-	11,637,335	-	-	11,637,335
Increase during the year	-	-	-	-	-	584,628	-	-	584,628
Allowance for impairment loss on disposals	-	-	-	-	-	(388,830)	-	-	(388,830)
31 December 2010	-	-	-	-	-	11,833,133	-	-	11,833,133
<b>Net book value:</b>									
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
31 December 2010	315,494,910	1,401,285	175,521,094	4,912,294	43,217,383	66,403,520	9,374,752	26,366,032	642,691,270
<b>Depreciation for the year</b>									
2009 (Baht 36.0 million included in manufacturing cost, and the balance in selling and administrative expenses)									71,265,131
2010 (Baht 34.3 million included in manufacturing cost, and the balance in selling and administrative expenses)									69,687,255

Separate financial statements									(Unit: Baht)
Revaluation basis	Cost basis								
	Land	Land improvement	Building	Machinery	Furniture fixtures and equipment	Motor vehicles	Assets under installation and under construction	Total	
<b>Cost / Revalued amount:</b>									
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	
Additions	22,291,311	17,435	19,534,286	5,073,764	6,371,884	5,226,086	27,740,667	86,255,433	
Disposals	-	-	-	(461,012)	(12,005,104)	(444,240)	(8,924)	(12,919,280)	
Transfers	22,482,000	-	1,954,069	800,000	1,171,212	-	(3,925,281)	22,482,000	
31 December 2010	305,581,110	7,593,394	327,412,070	150,369,661	244,698,069	20,084,579	25,938,482	1,081,677,365	
<b>Accumulated depreciation:</b>									
31 December 2009	-	5,937,393	217,768,493	104,688,812	212,692,260	12,240,585	-	553,327,543	
Depreciation for the year	-	254,716	14,356,904	13,757,921	10,277,686	1,712,435	-	40,359,662	
Depreciation on disposals	-	-	-	(461,005)	(11,451,594)	(444,236)	-	(12,356,835)	
31 December 2010	-	6,192,109	232,125,397	117,985,728	211,518,352	13,508,784	-	581,330,370	
<b>Allowance for impairment loss:</b>									
31 December 2009	-	-	-	-	11,637,335	-	-	11,637,335	
Increase during the year	-	-	-	-	584,628	-	-	584,628	
Allowance for impairment loss on disposals	-	-	-	-	(388,830)	-	-	(388,830)	
31 December 2010	-	-	-	-	11,833,133	-	-	11,833,133	
<b>Net book value:</b>									
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	
31 December 2010	305,581,110	1,401,285	95,286,673	32,383,933	21,346,584	6,575,795	25,938,482	488,513,862	
<b>Depreciation for the year</b>									
2009 (Baht 27.3 million included in manufacturing cost, and the balance in selling and administrative expenses)								41,043,856	
2010 (Baht 28.3 million included in manufacturing cost, and the balance in selling and administrative expenses)								40,359,662	

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During the year 2010, the Company transferred land held for development of Baht 22.5 million into property. The objective is to build the factory on such land.

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 2010 would have been Baht 96.3 million.

As at 31 December 2010, certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 431 million (2009: Baht 395 million) (The separate financial statements: 2010: Baht 311 million, 2009: Baht 283 million).

The Company and its subsidiaries have pledged their property, plant and equipment with a total net book value as at 31 December 2010 amounting to approximately Baht 380 million (2009: Baht 398 million) as collateral against credit facilities received from commercial banks (The separate financial statements: 2010: Baht 330 million, 2009: Baht 345 million).

## 16. 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 2010 and 2009, the balances of land held for development consist of the following:

	(Unit: Thousand Baht)	
	Consolidated / Separate financial statements	
	2010	2009
Land	503,374	525,856
Capitalised interest	156,017	156,017
land improvement	7,990	7,990
Total	667,381	689,863
Less: Allowance for impairment loss	(245,652)	(245,652)
Land held for development – net	421,729	444,211

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 2010 of approximately Baht 422 million (2009: Baht 422 million) as collateral against credit facilities received from commercial bank.

## 17. Leasehold rights

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Leasehold rights – at cost at the beginning of year	69,756,186	69,763,057	–	–
Less: Accumulated amortisation	(33,975,612)	(31,491,213)	–	–
Translation adjustment	(36,351)	(6,871)	–	–
Leasehold rights – net	<u>35,744,223</u>	<u>38,264,973</u>	<u>–</u>	<u>–</u>
Amortisation expenses included in the income statements for the year	2,484,399	2,484,399	–	–

A local subsidiary company has mortgaged leasehold rights with a total net book value as at 31 December 2010 of approximately Baht 26.6 million (2009: Baht 28.4 million) as collateral for credit facilities received from commercial banks.

## 18. Goodwill

	(Unit: Baht)	
	Consolidated financial statements	
	<u>2010</u>	<u>2009</u>
Goodwill	90,278,000	90,278,000
Less: Accumulated amortisation	(26,169,140)	(26,169,140)
Translation adjustment	(1,761,067)	(1,761,067)
Total	<u>62,347,793</u>	<u>62,347,793</u>
Less: Allowance for impairment loss on goodwill	(62,347,793)	(62,347,793)
Goodwill – net	<u>–</u>	<u>–</u>

## 19. Bank overdrafts and short-term loans from financial institutions

	Interest rate (percent per annum)	(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Bank overdrafts	7.20	6,355,373	26,965,455	–	–
Short-term loans from financial institutions	2.95 – 4.0, MMR, MLR	339,795,328	155,160,226	270,762,958	152,292,827
Total		346,150,701	182,125,681	270,762,958	152,292,827

Bank overdrafts and short-term loans from financial institutions 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.

Bank overdrafts and short-term loans from financial institutions of an overseas subsidiary company are guaranteed by the Company and the subsidiary's director.

## 20. Long-term loans

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<u>The Company</u>				
20.1 Baht loan facilities of Baht 1,084 million, to refinance restructured debt	33,230,000	165,790,000	33,230,000	165,790,000
– 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				
20.2 Baht loan facilities of Baht 194 million	100,110,000	125,110,000	100,110,000	125,110,000
– 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				



	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<u>The local subsidiary company</u>				
Primagold International Co., Ltd.				
20.3 Baht loan facilities of Baht 10 million	6,361,600	7,271,200	-	-
- 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 per annum				
- Repayable monthly as from January 2007 to December 2017				
20.4 Baht loan facilities of Baht 9 million	7,243,873	8,429,995	-	-
- Interest rate at MLR plus 0.5 percent per annum				
- Repayable monthly as from July 2009 to December 2015				
20.5 Baht loan facilities of Baht 32 million	27,059,769	31,128,478	-	-
- Interest rate at MLR per annum				
- Repayable monthly as from October 2009 to June 2016				
<u>The overseas subsidiary</u>				
Pranda North America, Inc.				
20.6 USD loan facilities of USD 0.3 million	8,298,214	9,677,504	-	-
- Interest 7.25 percent per annum				
- Repayable monthly as from July 2007 to June 2022				
Total	182,303,456	347,407,177	133,340,000	290,900,000
Less: Current portion of long-term loans	(65,184,740)	(164,245,601)	(58,230,000)	(157,560,000)
Long-term loans – net of current portion	117,118,716	183,161,576	75,110,000	133,340,000

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 secured by land and building of the subsidiary.

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### 21. 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 unit 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 allocate and determine the date of issuance of the warrants to purchase the Company's ordinary shares on 27 February 2009. The first exercise date was on 28 August 2009.

Presented below is a summary of movement in the number of warrants.

	(Units)
Number of warrants issued	14,251,410
Number of exercised warrants during the year 2009	(2,409,882)
Number of canceled warrants of the holders who are no longer employee during the year 2009	(271,000)
Outstanding units as at 31 December 2009	11,570,528
Number of exercised warrants during the year 2010	(2,509,882)
Number of canceled warrants of the holders who are no longer employee during the year 2010	(12,000)
Outstanding units as at 31 December 2010	9,048,646

### 22. Share capital / share premium

Presented below is a summary of movements in share capital during the year ended 31 December 2010.

	Issued and fully paid-up share capital (Baht)	Share premium (Baht)	Date of registration of additional shares with the Ministry of Commerce	Date of listing securities on the Stock Exchange of Thailand
Balance outstanding as at 31 December 2009	398,158,472	764,113,987		
Increase in share capital from exercised warrants in February 2010	96,100	192,200	5 March 2010	10 March 2010
Increase in share capital from exercised warrants in August 2010	2,413,782	4,827,564	6 September 2010	7 September 2010
Balance outstanding as at 31 December 2010	400,668,354	769,133,751		

## 23. 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.

## 24. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Salary and wages and other employee benefits	887,810,403	825,218,718	529,946,467	486,589,510
Depreciation	69,687,255	71,265,131	40,359,662	41,043,856
Loss on exchange	149,684,312	20,937,036	148,411,927	25,172,743
Raw materials and consumables used and purchase of finished goods	2,033,926,815	1,813,565,820	1,751,709,147	1,475,400,720
Changes in inventories of finished goods and work in process	52,250,526	(24,892,061)	58,413,034	11,919,656
Allowance for diminution in value of inventories	22,151,415	34,944,479	15,000,000	8,000,000
Allowance for doubtful accounts (reversal)	(11,474,791)	61,220,749	(1,697,603)	64,823,681
Commission expenses	25,353,539	80,647,978	11,007,837	51,518,947
Sales promotion expenses	69,809,142	53,590,075	10,912,129	6,860,183
Rental expenses from operating lease agreements	54,470,509	50,042,039	300,202	278,277
Allowance for impairment loss on investments in subsidiaries	-	-	-	38,000,000

## 25. 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 non-promoted operations of exemption from corporate income tax 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.

## 26. Promotional privileges

26.1 The Company has received promotional privileges from the Board of Investment. Subject to certain imposed conditions, the privileges are as follows:

Details		
1. Certificate No.	1010/2544	1616(2)/2553
2. Promotional privileges for	Manufacturing of jewelry for its factory located in the Suranaree Industrial Estate Zone in Nakorn Rachasima province	Manufacturing of jewelry for its factory located in the Suranaree Industrial Estate Zone in Nakorn Rachasima province
3. The significant privileges are		
3.1 Exemption from corporate income tax on net income derived from the promoted operations.	8 years	8 years
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.	Granted	Granted
3.3 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.	Granted	Non-granted
4. Date of first earning operating income	1 January 2003	Waiting for approval to commence the operations

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	
	2010	2009	2010	2009	2010	2009
Sales						
Domestic sales	–	–	443,570,995	466,600,569	443,570,995	466,600,569
Export sales	1,757,797,565	1,705,945,103	865,993,390	586,684,935	2,623,790,955	2,292,630,038
Total sales	1,757,797,565	1,705,945,103	1,309,564,385	1,053,285,504	3,067,361,950	2,759,230,607

- 26.2 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		
3.1 Exemption from corporate income tax on net income derived from the promoted operations.	Non-granted	8 years
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	Non-granted	Granted
3.4 Exemption from import duty on raw materials and significant supplies used in export production.	Granted for a period from 21 July 2004 to 20 July 2008 and extended to 20 July 2012	Granted for a period of 5 years from the first import date
4. Date of first earning operating income	25 May 2004	Waiting for approval to commence the operations

## 27. 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.

## Financial Statements

Reconciliation between basic earnings per share and diluted earnings per share is presented below.

	Consolidated financial statements					
	For the year ended 31 December					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	2010 (Thousand Baht)	2009 (Thousand Baht)	2010 (Thousand Baht)	2009 (Thousand Baht)	2010 (Baht)	2009 (Baht)
<b>Basic earnings per share</b>						
Net income attributable to equity holders of the parent	243,425	256,372	399,073	396,612	0.61	0.65
<b>Effect of dilutive potential ordinary shares</b>						
Warrants	–	–	5,132	2,554		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	243,425	256,372	404,205	399,166	0.60	0.64

	Separate financial statements					
	For the year ended 31 December					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	2010 (Thousand Baht)	2009 (Thousand Baht)	2010 (Thousand Baht)	2009 (Thousand Baht)	2010 (Baht)	2009 (Baht)
<b>Basic earnings per share</b>						
Net income attributable to equity holders of the parent	343,797	357,904	399,073	396,612	0.86	0.90
<b>Effect of dilutive potential ordinary shares</b>						
Warrants	–	–	5,132	2,554		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	343,797	357,904	404,205	399,166	0.85	0.90

## 28. 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 2010 and 2009 by segment.

	(Unit: Million Baht)									
	The manufacture and distribution of jewelry				Dormitory rental		Elimination of inter-segment revenues		Consolidation	
	Domestic		Overseas		Domestic					
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Revenue from external customers	2,285	1,954	1,771	1,710	-	-	-	-	4,056	3,664
Intersegment revenues	1,775	1,599	80	93	-	-	(1,855)	(1,692)	-	-
Total revenues	4,060	3,553	1,851	1,803	-	-	(1,855)	(1,692)	4,056	3,664
Segment income (loss)	570	482	(172)	(150)	(1)	-	99	32	496	364
Unallocated income and expenses:										
Interest income									6	3
Share of income (loss) from investments in associates									(10)	5
Loss on exchange									(150)	(21)
Finance cost									(35)	(44)
Corporate income tax									(63)	(50)
Minority interest									(1)	(1)
Net income attributable to equity holders of the parent									243	256
Property, plant and equipment – net	548	483	71	76	24	26	-	-	643	585
Other assets	4,323	4,311	1,252	1,316	21	18	(2,008)	(1,962)	3,588	3,683
Total assets	4,871	4,794	1,323	1,392	45	44	(2,008)	(1,962)	4,231	4,268

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

## 29. 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 2010, the Company contributed Baht 7.2 million to the fund (2009: Baht 6.9 million).



### 30. Dividends

(Unit: Baht)			
Dividends	Approved by	Total dividends	Dividend per share
Dividends for 2008	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 paid for the year 2009		198,114,033	0.50
Final dividends for 2009	Annual General Meeting of the shareholders on 20 April 2010	171,248,391	0.43
Dividends from retained earnings	Meeting of the Board of Directors No. 13/2010 on 13 August 2010	119,474,122	0.30
Dividends from retained earnings	Meeting of the Board of Directors No. 15/2010 on 11 November 2010	120,199,726	0.30
Total dividends paid for the year 2010		410,922,239	1.03

### 31. Commitments and contingent liabilities

#### 31.1 Capital commitments

As at 31 December 2010, the Company had capital commitments totaling of approximately Baht 3.8 million, relating to acquisition of computer programs and installation of the telephone system.

#### 31.2 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, department store space, motor vehicles, and equipment. The terms of the agreements are generally between 1 and 30 years.

As at 31 December 2010, future minimum lease payments required under these operating leases contracts were as follows:

	Million Baht
Payable within:	
Less than 1 year	22.4
1 to 5 years	33.5
More than 5 years	43.7

### 31.3 Guarantees

- (a) The Company has issued guarantees to secure bank overdrafts and credit facilities of its subsidiaries. As at 31 December 2010, there were outstanding guarantees of Baht 241.0 million and EUR 0.4 million, totaling of Baht 256.7 million.
- (b) As at 31 December 2010, there were outstanding bank guarantees of Baht 1.4 million, GBP 20,000 and USD 2.0 million, totaling of Baht 62.6 million (The Company only: USD 2.0 million or Baht 60.8 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.
- (c) As at 31 December 2010, the Company and its subsidiaries have outstanding standby-letters of credit of USD 21.1 million and EUR 0.4 million, totaling of Baht 648.7 million (the Company only: Baht 557.8 million).

### 31.4 Long-term service commitments

A local subsidiary company has entered into a license agreement with an overseas company for the use of a trademark. Under the conditions of the license agreement, the subsidiary is to pay an annual royalty fee as stipulated in the agreement. The agreement period has started from October 2010 to December 2015 and can be renewed for another 5 years under the stipulated conditions. In addition, the subsidiary has commitments in respect of minimum purchase of goods at the amount stipulated in the agreement.

## 32. Financial instruments

### 32.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "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.

## Financial Statements

### **Interest rate risk**

The Company and its subsidiaries' exposure to interest rate risk relate primarily to bank deposits, 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 deposits, bank overdrafts, short-term and long-term loans from financial institutions are set out in Notes 7, 19 and 20 to the financial statements, respectively.

Significant financial assets and liabilities as at 31 December 2010 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.

	Consolidated financial statements						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (percent per annum)
	Within 1 year	1-5 year	Over 5 years				
	(Million Baht)						
<u>Financial assets</u>							
Cash and cash equivalent	88.0	-	-	131.3	166.4	385.7	0.01-1.9
Current investment – deposits with financial institutions	-	-	-	-	0.4	0.4	-
Trade accounts receivable – net	-	-	-	-	895.0	895.0	-
Amounts due from related parties – net	-	-	-	-	10.8	10.8	-
Short-term loans to related parties – net	16.0	-	-	-	-	16.0	7.0
Deposits at banks with restrictions	-	-	-	3.0	-	3.0	0.5, 0.9
Other long-term investments	14.9	-	-	-	-	14.9	5.38
Total	118.9	-	-	134.3	1,072.6	1,325.8	
<u>Financial liabilities</u>							
Bank overdraft and short-term loans from financial institution	6.4	-	-	339.8	-	346.2	(1)
Trade accounts and notes payable	589.5	-	-	-	192.2	781.7	2.0
Long-term loans	0.5	2.3	5.5	174.0	-	182.3	(2)
Total	596.4	2.3	5.5	513.8	192.2	1,310.2	

(1) 7.2, MMR, MLR

(2) 7.25, MLR, MLR + 0.5, MLR – 0.5, MLR – 1

	Separate financial statements						Interest rate (percent per annum)
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	
	Within 1 year	1-5 years	Over 5 years				
	(Million Baht)						
<u>Financial assets</u>							
Cash and cash equivalent	80.0	-	-	98.0	29.4	207.4	0.5-1.9
Trade accounts receivable – net	1.4	-	-	-	890.2	891.6	7.5
Amounts due from related parties – net	-	-	-	-	205.7	205.7	-
Short-term loans to related parties – net	51.2	-	-	-	-	51.2	5.0, 6.5
Long-term loans to related parties – net	13.9	189.2	120.8	-	-	323.9	7.5
Investment in convertible debentures issued by subsidiary	-	-	43.1	-	-	43.1	7.5
Other long-term investments	14.9	-	-	-	-	14.9	5.38
Total	161.4	189.2	163.9	98.0	1,125.3	1,737.8	
<u>Financial liabilities</u>							
Bank overdraft and short-term loans from financial institutions	-	-	-	270.8	-	270.8	MMR
Trade accounts and notes payable	541.6	-	-	-	104.1	645.7	2.0
Long-term loans	-	-	-	133.3	-	133.3	MLR, MLR-1
Total	541.6	-	-	404.1	104.1	1,049.8	

**Foreign currency risk**

The Company and its local 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 2010 are summarised below.

Foreign currencies	Consolidated financial statements		Separate financial statements		Average exchange rate as at 31 December 2010 (Baht per 1 foreign currency unit)
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	
	(Million)	(Million)	(Million)	(Million)	
US dollar	16.8	21.0	26.4	19.4	30.15
Euro	0.7	-	10.2	0.1	39.94
Pound Sterling	-	-	6.5	-	46.80
Indian Rupee	-	-	6.9	-	0.67

The Company and its subsidiaries have 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 2010 are summarised below.

## Financial Statements

Foreign currency	Consolidated financial statements	Separate financial statements	Contractual exchange
	Sold amount	Sold amount	rate sold
			(Baht per 1 foreign currency unit)
US dollar	16,152,958	16,087,161	29.66 – 31.42
Euro	443,718	443,718	41.08 – 42.02
Pound sterling	438,041	438,041	47.08 – 50.13

### 32.2 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.

## 33. 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.

The Company manages its capital position with reference to its debt-to-equity ratio in order to comply with a condition in the long-term loan agreements with a financial institution, which requires the Company to maintain a debt-to-equity ratio of not more than 1.5:1.

A local subsidiary company manages its capital position with reference to its debt-to-equity ratio in order to comply with a condition in a long-term loan agreement with a financial institution, which requires the subsidiary to maintain a debt-to-equity ratio of not more than 2:1.

According to the balance sheet as at 31 December 2010, the Group's debt-to-equity ratio was 0.56:1 (2009: 0.49:1) and the Company's debt-to-equity ratio was 0.38:1 (2009: 0.34:1).

No changes were made in the objectives, policies or processes of capital management during the years ended 31 December 2010 and 2009.

## 34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2011.

## Remunerations for Auditor

The Auditors of Pranda Jewelry PCL. in the year 2010 were Mr. Narong Puntawong, Certified Public Accountant No. 3315 and/or Mrs. Chonlaros Suntiasvaraporn, C.P.A. Registration No. 4523, and/or Mr. Supachai Phanyawattano, Certified Public Accountant No. 3930 from Ernst & Young Office Limited

In 2010 the remunerations that the company and its subsidiaries paid to Ernst & Young Office Limited were as follows:

	The Company	Subsidiaries
1. Audit fee	2,250,000	915,000
2. Non-audit fee	-	-

# Other Reference Persons

## Official Registrar

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Thailand Securities Depository Co., Ltd.  
62 The Stock Exchange of Thailand  
Building,  
Rachadapisek Road, Klongtoey,  
Bangkok 10110, Thailand  
**Tel:** +66 2229 2800  
**Fax:** +66 2654 5427  
**TSD CALL CENTER:** +66 2 229 2888  
**Email:** TSDCallcENTER@set.or.th  
[www.tsd.co.th](http://www.tsd.co.th)

## Auditor

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Ernst & Young Office Limited  
33rd Floor, Lake Rajada Office Complex  
193/136-137 Rajadapisek Road  
Klongtoey, Bangkok 10110 Thailand  
**Tel:** +66 2264 0777  
**Fax:** +66 2264 0789-90  
[www.ey.com](http://www.ey.com)

## Law Consultant

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Weerawong, Chinnavat &  
Peangpanor Ltd.  
540 Mercury Tower, 22nd Floor,  
Ploenchit Road,  
Lumpini, Bangkok 10330, Thailand  
**Tel:** +66 2264 8000  
**Fax:** +66 2657 2222  
[www.weerawongcp.com](http://www.weerawongcp.com)



# Board and Management Biography

## Mr. Prida Tiasuwan

The Board Chairman

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### Education

- Higher National Diploma in Business Studies – Thames Valley University, England
- Distinguished Senior Executive Program in Government and Business at 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 Listed and Authorized Companies Association
- Director of Thailand-US Business Council
- Director of The Thai Chamber of Commerce for two times
- Board Chairman of Social Venture Network Asia (Thailand) or SVN Asia (Thailand)
- Vice Chairperson of FXB Foundation (Thailand)
- Director and Treasurer of Foundation for Peoples' Righteousness
- Advisor of Thai Gem and Jewelry Manufacturers Association
- Vice President International Coloured Gemstone Association (ICA)
- Chairperson of Sub Committee of Thai Gems and Gold Jewelry business

### Present Position

### Other listed companies

– None –

### Non-listed businesses

- Chairman of Board of Pranda Group, 4 companies
  - Director of Pranda Group, 8 companies
  - Advisor of the Thai Gem and Jewelry Traders Association
  - Advisor of Social Venture Network Asia (Thailand) or SVN Asia (Thailand)
  - 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
  - Advisor to the Commission for Study and Monitoring on Impacts of International Trade Negotiation assisting Health and Health Policy
  - Director of Committee of Thailand Reform
- 

## Mrs. Prapee 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

## Board and Management Biography

### 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
- 

### Mrs. Sunanta Tiasuwan

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

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#### 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
- Capital Market Academy Class 11

#### 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 Company Limited
- 

### Mr. Pramote Tiasuwan

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

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#### 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

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### Mrs. Pranee Khunprasert

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

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#### 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

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#### Mrs. Panidda Tiasuwan

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

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#### 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

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

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

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#### 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. Class 10
- Senior Executive Development Program (Norborosor1) 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 –

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#### Mr. Verachai Tantikul

Independent Director / Audit Committee

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#### 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

## Board and Management Biography

- 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

#### 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

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### 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
- Independent Director / Audit Committee
  - ITV Public Company Limited
  - Asian Seafoods Cold Storage Public Company Limited
  - Islamic Bank of Thailand

### Present Position

#### Other listed companies

– None –

#### Non-listed businesses

Advisor to Board of Directors of Islamic Bank of Thailand

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### 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

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### 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 –

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**Mr. Chainarong Jitmetta**

Assistant President

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**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 –

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**Mr. Dusit Chongsutthanamane**

Corporate Secretary / Finance Director

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**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
- Lecturer of “Certificate of Intelligent” 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

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**Mr. Thanet Panjakrid**

Finance and Accounting Manager

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**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 –

# Details of Directors and Executives

Name	PRANDA	Subsidiary Companies										Associated Companies		Related Companies		
		Country		Foreign							Country	KZ-PRANDA	Foreign P.SCL	P. Holding	Forward Freeland	A-List
		*PMG	CTL	PLG	*P.NA	HGG	P.UK	P.VN	P.Sing	P.	P.&Kroll					
										Guangzhou						
1. Mr. Prida Tiasuan	x+/	/	x		/+//	x+///	/+//	/+//	/+//	x+///	/	/	x+/+//	x+/	/	/
2. Mrs. Prapee Sorakraikitikul	●+o+/+//	/+//	/+//	/+//	x+///		x+///	x+///	/+//	/+//		/+//		/		/
3. Mrs. Sunanta Tiasuan	/+//	/+//	/+//		/+//		/+//	/+//	x+///	/+//	x+/	/	x+/+//		/	
4. Mr. Pramote Tiasuan	/+//	/+//	/+//	/+//				/+//	/+//	/+//					/	
5. Mrs. Pranee Khunprasert	/+//	x	/+//					//	/+//					/		
6. Mrs. Panidda Tiasuan	/			x+/+//												
7. Lieut. Anan Panananda R.N.	/															
8. Mr. Verachai Tantikul	/															
9. Mrs. Sarita Bunnag	/															
10. Ms. Rungnapa Ngowngamratana		■+//														
11. Mr. Sutha Sutaparvong		/+//														
12. Ms. Lamiad Pancharoen		//														

Note : 1. x = Chairman    ● = Chairman of Executive Committee    o = Acting President    ■ = Managing director    / = Director    // = Executive Chairman  
 2. Report only of directors of subsidiaries which contribute over 10% of total revenues including \* P.NA , PMG

PRANDA	=	Pranda Jewelry PCI.	P.Guangzhou	=	Guangzhou Pandgda Zhubao Shoushi Youxian Gongsi
PMG	=	Primagold International Co.Ltd.	Pranda & Kroll	=	Pranda & Kroll GmbH Co. KG
CTL	=	Crystalline Co., Ltd.	P.India	=	Pranda Jewelry Private Ltd.
PLG	=	Pranda Lodging Co., Ltd.	KZ - PRANDA	=	KZ-PRANDA Co., Ltd.
P.NA	=	Pranda North America, Inc.	P.SCL	=	P.T. Pranda SCL Indonesia
HGG	=	H.Gringoire s.a.r.l.	P.Holding	=	Pranda Holding Co.,Ltd.
P.UK	=	Pranda UK Ltd.	Forward Freeland	=	Forward Freeland Co., Ltd.
P.VN	=	Pranda Vietnam Co.,Ltd.	A-list	=	A-list Corporate Co., Ltd.
P.Sing	=	Pranda Singapore Pte Ltd.			

# General 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 3311, +66 2393 8779

**Fax** +66 2361 3088, +66 2398 2143

**Registered Capital** 410,000,000 THB

**Paid Capital** 400,668,354 THB

**Home Page** [www.pranda.com](http://www.pranda.com)

**Responsible Person** Mrs. Prapee Sorakraikitikul

**Email** [prapee@pranda.co.th](mailto:prapee@pranda.co.th)

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**Branch Office** 332-333 Suranaree Industrial Zone, Muang Nakhonratchasima, 30000 Thailand.

**Core Business** Jewelry producer and export

**Telephone** +66 44 212 593-4

**Tax** +66 44 212685

**Responsible Person** Mr. Somsak Sriruengmon

**Email** [Somsak\\_s@pranda.co.th](mailto:Somsak_s@pranda.co.th)

## General Information

### The Company's Shareholding Exceeded 10% of Paid Capital. (December 31, 2010)

Company Name / Address	Business	% of Holding	Registered Capital	Paid-up Capital
<b>Crystalline Co., Ltd.</b> No. 22 Soi Bangna-Trad 28, Bangna Sub-district, Bangna District, Bangkok 10260 <b>Telephone</b> +66 2746 9580-5 <b>Fax</b> +66 2399 4878 <b>Home Page</b> www.crystalline.com <b>Responsible Person</b> Mr. Chartchai Teekaveerakit <b>Email</b> chartchai@crystalline.com	Producer and exporter of costume jewelry.	96	THB 100 Million	THB 100 Million
<b>Pranda Vietnam Co., Ltd.</b> 16 Road 2A, Bien Hoa Industrail Zone II, Dong Nai, Vietnam <b>Telephone</b> +84 61 836 627, +84 61 836 739 <b>Fax</b> +84 61 991 798 <b>Responsible Person</b> Mr. Santiparp Riyai <b>Email</b> 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
<b>Guangzhou Pangda Zhubao Shoushi  Youxian Gongsi or Pranda  (Guangzhou) Co., Ltd.</b> No.22nd Chao YangShang Ave, DaPing, ShaTou, Panyu, Guangzhou, Guangdong, China 51140 <b>Telephone</b> +86 20 3481 1060 Ext. 219 <b>Fax</b> +86 20 3451 1962 <b>Responsible Person</b> Mr. Winai Pornpitaksit <b>Email</b> winai_p@prandacn.com	Producer of jewelry for export and domestic market under Julia and Batik Silver brands.	100	USD 2.35 Million	USD 2.35 Million



## General Information

Company Name / Address	Business	% of Holding	Registered Capital	Paid-up Capital
<b>P.T. Pranda SCL Indonesia</b> JL.I Gusti Ngurah Rai No.1, Jakarta 13420, Indonesia <b>Telephone</b> +62 21 819 9280-2 <b>Fax</b> +62 21 819 9223 <b>Responsible Person</b> Mr. Johnny Salmon <b>Email</b> 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
<b>Primagold International Co., Ltd.</b> No. 1093/64 12th Floor, Central City Bangna Tower, Bangna-Trad Rd., Bangna Sub-district, Bangna District, Bangkok 10260 <b>Telephone</b> +66 2745 6111 <b>Fax</b> +66 2745 6117 <b>Home Page</b> www.primagold.co.th <b>Responsible Person</b> Ms. Rungnapa Ngowngamratana <b>Email</b> rungnapa@primagold.co.th	Distribution of genuine gold jewelry, and diamond in Thailand.	100	THB 200 Million	THB 200 Million
<b>Pranda North America, Inc.</b> No.1 Wholesale Way, Cranston, RI 02920, U.S.A. <b>Telephone</b> +1 401 946 2104 <b>Fax</b> +1 401 946 2109 <b>Responsible Person</b> Mr. Dominic Chandarasanti <b>Email</b> dchand@prandana.com	Distribution of gold Jewelry in the USA and Canada.	100	USD 2,000	USD 2,000
<b>H.GRINGOIRE s.a.r.l</b> No.79 Rue De Turbigo F-75003, Paris, France <b>Telephone</b> +33 1 5301 9530 <b>Fax</b> +33 1 5301 9540 <b>Home Page</b> www.h-gringoire.fr <b>Responsible Person</b> Mr. Yvan LE DOUR <b>Email</b> y.ledour@h.gringoire.fr	Distributor of gold jewelry under H.Gringoire trade- mark in France and Europe.	100	EUR 1.893 Million	EUR 1.893 Million

## General Information

Company Name / Address	Business	% of Holding	Registered Capital	Paid-up Capital
<b>Pranda UK Limited</b> Signal House West No.1 Armfield Close West Molesey Surrey KT8 2RT, United Kingdom <b>Telephone</b> +44 1 0208 979 3896 <b>Fax</b> +44 1 0208 783 2010 <b>Responsible Person</b> Mr. Malcolm Pink <b>Email</b> malcolmpink@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
<b>Pranda Singapore Pte. Limited</b> No.163 Penang Road # 02-03 Winsland Housell, Singapore 238463 <b>Telephone</b> +65 6533 2611 <b>Fax</b> +65 6532 5092 <b>Responsible Person</b> Mrs. Sunanta Tiasuwan <b>Email</b> sunanta@pranda.co.th	Joint Venture firm in Indonesia.	100	SGD 3.0 Million	SGD 3.0 Million
<b>Pranda &amp; Kroll GmbH &amp; Co. KG</b> Ebereschenweg 3 – 75180 Pforzheim Germany <b>Telephone</b> +49 7231 154 47 0 <b>Fax</b> +49 7231 154 47 25 <b>Home Page</b> www.kroll-schmuck.de www.cai-jewels.com <b>Responsible Person:</b> Mr. Gregor Kroll <b>Email:</b> gregor.kroll@pranda-kroll.de	Producer and distributor of jewelry.	51	EUR 5.34 Million	EUR 5.34 Million
<b>KSV Brand GmbH</b> (held through Pranda & Kroll GmbH & Co. KG) Ebereschenweg 3 – 75180 Pforzheim Germany <b>Telephone</b> +49 7231 566 15 0 <b>Fax</b> +49 7231 566 15 25 <b>Home Page</b> www.ksv-brand.de <b>Responsible Person</b> Mr. Gregor Kroll <b>Email</b> gregor.kroll@pranda-kroll.de	Distributor of jewelry under owned brands.	51	EUR 25,000	EUR 25,000

## General Information

Company Name / Address	Business	% of Holding	Registered Capital	Paid-up Capital
<b>Pranda Jewelry Private Limited</b> Pranda House, 512, Rewa Estate, M.G. Road, Mulund (West) – 400080, India <b>Telephone</b> +91 22 6522 3939, +91 22 6522 3636 <b>Responsible Person</b> Mr. Vinod Tejwani <b>Email</b> vinod@pranda.co.in	Distributor of gold and silver jewelry in India.	51	INR 1 Million	INR 1 Million
<b>KZ – PRANDA Co., Ltd.</b> No. 75/51 Ocean Tower 2 Condominium Building 24th Floor, Soi Sukhumvit 19, Sukhumvit Road Khongtoey Sub-district, Wattana District, Bangkok 10110 <b>Telephone</b> + 66 2204 1441-3 <b>Fax</b> +662 204 1444 <b>Responsible Person:</b> Mr. Jun Ho Kim <b>Email:</b> jokim@koreazinc.co.kr kcle@koreazinc.co.kr	Import and distribution of silver and pure gold granules and bars.	40	THB 30 Million	THB 30 Million
<b>Pranda lodging Co., Ltd.</b> 28 Soi Bangna-Trad 28, Bangna Sub-district Bangna District, Bangkok 10260 Thailand. <b>Telephone</b> +66 2361 3311, +66 2393 8779 <b>Fax</b> +66 2361 3088, +66 2398 2143 <b>Responsible Person</b> Mrs. Panidda Tiasuwan <b>Email</b> panidda@pranda.co.th	Property rental / Properties.	83	THB 50 Million	THB 50 Million





PRANDA JEWELRY PUBLIC COMPANY LIMITED

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