

Disclosure of Annual Information Form
As for the Year Ended December 31, 2008
Padaeng Industry Public Company Limited

Table of Contents

	Page	
Part 1	Securities Issuing Company	1
	1. General Information.....	4
	2. Risk Factors.....	6
	3. Nature of Business.....	8
	4. Nature of Business of each product line.....	11
	5. Company Assets	16
	6. Legal Disputes.....	20
	7. Capital Structures.....	21
	8. Management.....	23
	9. Internal Control.....	35
	10. Connected Transactions.....	36
	11. Financial Position and Operating Result.....	37
	12. Other Related Information.....	49
Part 2	Certification of Information Accuracy	50
Appendix 1	Information on the Management and Executives	51
Appendix 2	Detail of the subsidiaries' Directors	63
Appendix 3	Other	65

PART 1
SECURITIES ISSUING COMPANY

Year in Review

2008 has seen, for the Company, the largest move of shareholders in many years. The major shareholders sold their stake on the Stock Exchange on 4 April 2008 and the former Shareholders Agreement came to an end.

It has also been a year marked by a world credit crisis that evolved into a full economic crisis during its second half. Asia, and more particularly Thailand, had been relatively spared initially, but the local economies collapsed in the fourth quarter. Through the year, prices for commodities, including zinc, were battered.

For zinc, the year started with a cash price of US\$ 2,290 per ton and ended up with a quotation of US\$ 1,121 per ton on 31 December 2008, or a drop of US\$ 1,169 per ton.

The net profit of the Company decreased from 930 million Baht (4.12 Baht per share) to 265 million Baht (1.17 Baht per share). It is a direct consequence of the impact of the zinc price on the results and more importantly on the inventories.

A very tight cash policy has however allowed the Company to maintain the quality of its balance sheet even after paying more than 600 million Baht in dividends during the year.

The mining operations resumed in May after an interruption of more than six months. The mining lease renewal process took five years and this will have a taxing effect on the mine future and its profitability as well as on any other domestic mining project. The Company has however pursued its efforts to increase its mining base in Thailand and in neighbouring countries.

Our affiliate, the joint venture “Maesod Clean Energy Co., Ltd.” has now completed the construction of its ethanol plant. After commissioning, it will progressively increase its production up to the design level of 200,000 litres ethanol per day. It will be the final step in the efforts by the local communities and Padaeng to improve the reliability of the economy in the areas contaminated with cadmium.

Corporate Social Responsibility

The Company has a strong commitment to the ethical conduct of its operations, in order to promote economic and social advancement along with improving the quality of life of its employees and their families, the local communities and society, which will lead to sustainable development. Throughout its 27 years of operation, the company has actively taken part in various aspects of social and community development, as follows:

Education

The Company has provided at least 600 scholarships at all levels. It has cooperated with the Karel Vinck-Padaeng Fund to grant 30 university scholarships on an unconditional

basis to Tak province students who meet the selection criteria in order for them to complete their bachelor's degrees. The Company has sponsored acquisition of teaching equipment and school lunch programmes. It has also cooperated with the National Centre for Genetic Engineering and Biotechnology (BIOTEC) to promote science education in the Tak province. Training was conducted for the key lecturers on "Having Fun with Science Projects" in order to build the capacity of science teachers in disseminating knowledge and organizing science camps for youth.

Religion and traditional culture

The Company has given donations to upgrade religious sites and taken part in various merit-making events, such as offering candles during the Buddhist Lent, offering robes at the end of Buddhist Lent and sponsoring monk and novice ordinations. It has also supported the traditional local culture, such as the Loy Kratong festival in Tak and the Phra Thad Padaeng Ceremony in Mae Sod district, Tak province.

Public service

Our employees are encouraged to cooperate with the local community through the "Padaeng Volunteers for Development", focusing on activities to serve community needs such as improving classrooms, building bathrooms, libraries, and hospitals, early childhood care centres and village water supply. The volunteers assist in responding to various disaster situations, such as helping to distribute water to the community during droughts.

Public health

Medical equipments and supplies have been donated to local hospitals and public health stations.

Livelihood

The Company has supported the development of local livelihood networking, such as groups involved in raising catfish, tailoring and broom-making. It has also provided career advice to the unemployed, as well support to farmers who have shifted to planting sugar cane to be used for alternative fuel in 3 subdistrict around the mine area.

The Company founded the "Padaeng Quality of Life Development Foundation" in 2006 with an initial endowment of 10 million Baht and an annual contribution. The Foundation supports and promotes developing various aspects of quality of life in rural areas, such as education, public health, sports and public goods. As a result of the Foundation's work, a network of beneficiary communities has been built up, as follows.

Four financial funds for community health and social welfare have been set up in three subdistricts in Mae Sod district, which has a population of over 20,000 people, namely: Phra Thad Padaeng, Mae Tao and Mae Ku sub-districts. Since the project was initiated in 2006, the year of the 60th coronation anniversary of His Majesty King Bhumibol Adulyadej, the fund was named "60th Coronation Anniversary Health Fund" in His Majesty's honour. The activities of the fund have placed an emphasis on community participation in improving physical well-being and mental health for the local people. The community is also involved in the

management of the fund through taking part in the fund's committee. The local people contribute to the fund, at the rate of 12 Baht per person each year, in order to promote a sense of ownership in the fund. In 2008, the fund has expanded to include social welfare aspects as well. Therefore, the name of the fund has been changed to "60th Coronation Anniversary Health and Social Welfare Fund"

Over the past two years, the fund has seen steady progress. The fund committee has undertaken activities to promote health, such as hiring health staff. These staffs work with the health officials in the subdistrict by visiting patients at home and through mobile health teams in order to provide health advice. In addition, the fund has also provided the budget to buy medical equipment, such as foetal cardiac monitors, anti-mosquito spraying machines to prevent dengue fever and body fat monitors for the elderly. Finally, the fund has also organized exercise activities and Dharma meditation activities.

The Padaeng Foundation has also improved the community's well-being in terms of livelihood and sufficient ways of life by emphasizing self-reliance. A forum for local participation has been set up, called "Think Together, Talk Together", in order to allow collaboration between Foundation staff and local leaders, including administrative leaders, community leaders, elders, representatives of civil society and government units. In 2008, the Foundation has helped to build livelihoods in the community, such as the group of charcoal producers in Mae Ku subdistrict and the group of wood vinegar producers, which is used as an organic pesticide that can be used in lieu of chemicals. The Foundation has also supported the organic fertilizer producer group and bio-fertilizer in Phra Thad Padaeng subdistrict also.

The Padaeng Foundation has supported research projects which can be applied to improve the lives of the community. This includes the research project undertaken by Mae Sod Hospital to assess the health of those who have been affected by cadmium and the "Immobilization of Cadmium in Contaminated Soil: Effect of Cadmium Uptake to Rice Cultivation" project undertaken by the Environment Research Institute of Chulalongkorn University in conjunction with BIOTEC, which aims to study rice cultivation which is cadmium-free so that local farmers can continue their traditional way of life.

Future Projects

Striving for continuous improvement, the Company invests typically in projects aiming at reducing the costs or at increasing the efficiency of the processes and environmental protection, As raw materials are key to the Company profitability, priority is given to reducing the cost of supply by increasing the use of secondary zinc materials and by further exploring the local potential for new mining projects in the ASEAN region.

1. General Information

(1) Padaeng Industry Public Company Limited engages in mining and refining zinc in Thailand. The Company Head Office is located on 26th-27th Floor CTI Tower, 191/18-25 Ratchadaphisek Road, Khlong Toei Subdistrict, Khlong Toei District, Bangkok 10110, Registration No. 0107537000467 (PCL.293), Home Page: www.padaeng.com, Tel: 0 2695-9499, Fax: 0 2695-9493, E-mail: woratipr@padaeng.co.th. At present, the Company's registered and paid-up capital amounts to 2,260,000,000 Baht issued as 226,000,000 ordinary shares @ 10 Baht per share.

(2) Company names, head office address, nature of business, telephone and facsimile number, number and type of shares

2.1 Padaeng Properties Co.,Ltd. having its principal place of business at CTI Tower, 26th-27th Floor, 191/18-25 Ratchadaphisek Rd., Klong Toei, Bangkok 10110, Tel: 02 695-9499, Fax: 02 695-9494, nature of business ; land development and real estate with the Industrial Estate Authority of Thailand, total shares capital 800,000 shares at par value 100 Baht per share ,total registered capital is 80,000,000 Baht with fully paid-up capital, the total are ordinary shares.

2.2 Puthap Co.,Ltd. having its principal place of business at CTI Tower, 26th-27th Floor, 191/18-25 Ratchadaphisek Rd., Klong Toei, Bangkok 10110, Tel: 02 695-9499, Fax: 02 695-9494, nature of business ; Prospecting and mining for copper and other base metals, total shares capital 3,515,196 shares at par value 62 baht per share ,total registered capital is 217,942,152 baht with fully paid-up capital, the total are ordinary shares.

2.3 Padaeng Industry (Laos) Co.,Ltd. having its principal place of business at Mekong Apartment Room 2223, Luangphabang Road, Vientiane, Laos PDR,Tel: 007 856 21 250137, Fax: 007 856 21 250137, nature of business ; Prospecting and mining for base metal in Laos, total registered capital 1,273,000 USD and paid-up capital 743,000 USD, the total are ordinary shares.

2.4 Padaeng International Mining Co.,Ltd. having its principal place of business at CTI Tower, 26th-27th Floor, 191/18-25 Ratchadaphisek Rd., Klong Toei, Bangkok 10110, Tel: 02 695-9499, Fax: 02 695-9494, nature of business ; Investing in exploration and mine development project in Vietnam, total shares capital 1,000 shares at par value 100 Baht per share ,total registered capital is 100,000 Baht with fully paid-up capital, the total are ordinary shares.

2.5 Sila Enterprise Co.,Ltd. having its principal place of business at 68/5-68-6 Asia Road, Mae Sot District, Tak Province, Tel: 055 533-777 Fax: 055 533-777, nature of business ; marketing of aggregate limestone, total shares capital 90,000 shares at par value 100 baht per share ,total registered capital is 9,000,000 Baht with fully paid-up capital, the total are ordinary shares.

2.6 Maesod Clean Energy Co.,Ltd. having its principal place of business at CTI Tower, 26th-27th Floor, 191/18-25 Ratchadaphisek Rd., Klong Toei, Bangkok 10110, Tel: 02 695-9499, Fax: 02 695-9494, nature of business ; Produce ethanol from sugarcane as an alternative energy source, total shares capital 6,750,000 shares at par value 100 Baht per share,

total registered capital is 675,000,000 Baht with full paid-up capital, the total are ordinary shares.

(3) Other references

3.1 Registrar

Thailand Securities Depository Company Limited
62 The Stock Exchange of Thailand Building,
Ratchadaphisek road, Klong Toei,
Bangkok 10110, Thailand
Tel. +66 (0) 2229-2800 Fax. +66 (0) 2359-1259
Call Center : +66 (0) 229-2888
Website: <http://www.tsd.co.th>
E-mail: contact.tsd@set.or.th

3.2 Auditor

Mrs. Nattaporn Phan-Udom, Certified Public Accountant
Registration No. 3430,
Mrs. Anothai Leekitwattana, Certified Public Accountant
Registration No. 3442 and
Ms. Nangnoi Charoenthaveesub, Certified Public Accountant
Registration No. 3044
PricewaterhouseCoopers ABAS Ltd.
15th Floor Bangkok City Tower,
179/74-80 South Sathorn road, Bangkok 10120, Thailand
Tel. +66 (0) 2286-9999 Fax. +66 (0) 2286-5050

3.3 Legal adviser

Dr. Prajit & Woraphot Law Associates
92/136 Muang Ake 3, Lakhok, Muang district,
Prathumthanee 12000, Thailand
Tel. +66 (0) 2533-9887, 089-0331496
Fax. +66 (0) 2997-7206

3.4 Adviser or contractor under management agreement

- None -

2. RISK FACTORS

The Company aims at identifying the risks inherent to its activities and at mitigating them to an acceptable level.

As both purchase and selling prices are linked to the zinc price quoted daily in US dollar on the London Metal Exchange (LME), fluctuations in the zinc price or in the USD per Baht exchange rate create a major exposure for the Company revenues. Such variations in the price of zinc on the LME and the USD per Baht exchange rate are considered as the main structural risks of the Company.

Exchange rate risks

To reduce the currency risk, the Company systematically hedges the US dollar against the Baht for purchases and sales expressed in US dollars.

Zinc price risks.

Since August 2008, the Company has implemented systematic risk coverage by transactional hedging to reduce the risk from zinc price fluctuations during the processing of zinc in its plants.

The Company had decided in 2004 to reduce its global exposure to zinc price fluctuations with long term strategic hedges. While these hedging transactions prevented the Company from taking advantage of any further upside on the tonnage hedged, the Company was protected against anticipated future drops of the zinc price and/or a strengthening of the Thai Baht. This strategy was non – speculative and was implemented through forward sales of metal on the London Metal Exchange.

No strategic hedges had been committed beyond end of 2007 due to the uncertainties on the timing of approval of the mining lease. In 2008, after the reopening of the mine, the structure of the forward market has not allowed a constructive protection against long term price fluctuations.

Exploration risks

In order to maintain a low-cost supply base for its smelter, the Company and some of its subsidiaries are carrying out exploration activities. These expenses are capitalized or eventually impaired using the successful efforts basis of accounting for such costs. The increased level of activity is generating a higher level of capitalized exploration costs than in the previous years, increasing the impact of impairments. Regular assessments by the management, once sufficient reliable data have been collected and compiled, should lower both uncertainty and risk levels related to the recoverability of these costs.

This risk also applies to joint ventures as is the case for one of the subsidiaries Puthep Co., Ltd.) under a Participation Agreement with an Australian company. The subsidiary currently prepares a feasibility study and an Environmental Impact Assessment (EIA). This will determine if the resources are economically recoverable.

Environmental risks

In case of industrial pollution, clean up costs or potential litigations are important risks. The Company is monitoring its emissions very closely and has a system of water management in place to ensure no contamination is generated by the mining operations.

An environmental management system under ISO14001 is in place at the Rayong roaster, the Tak smelter and, since end of 2008, at the Mae Sod mine.

3. NATURE OF BUSINESS

3.1 Company Profile

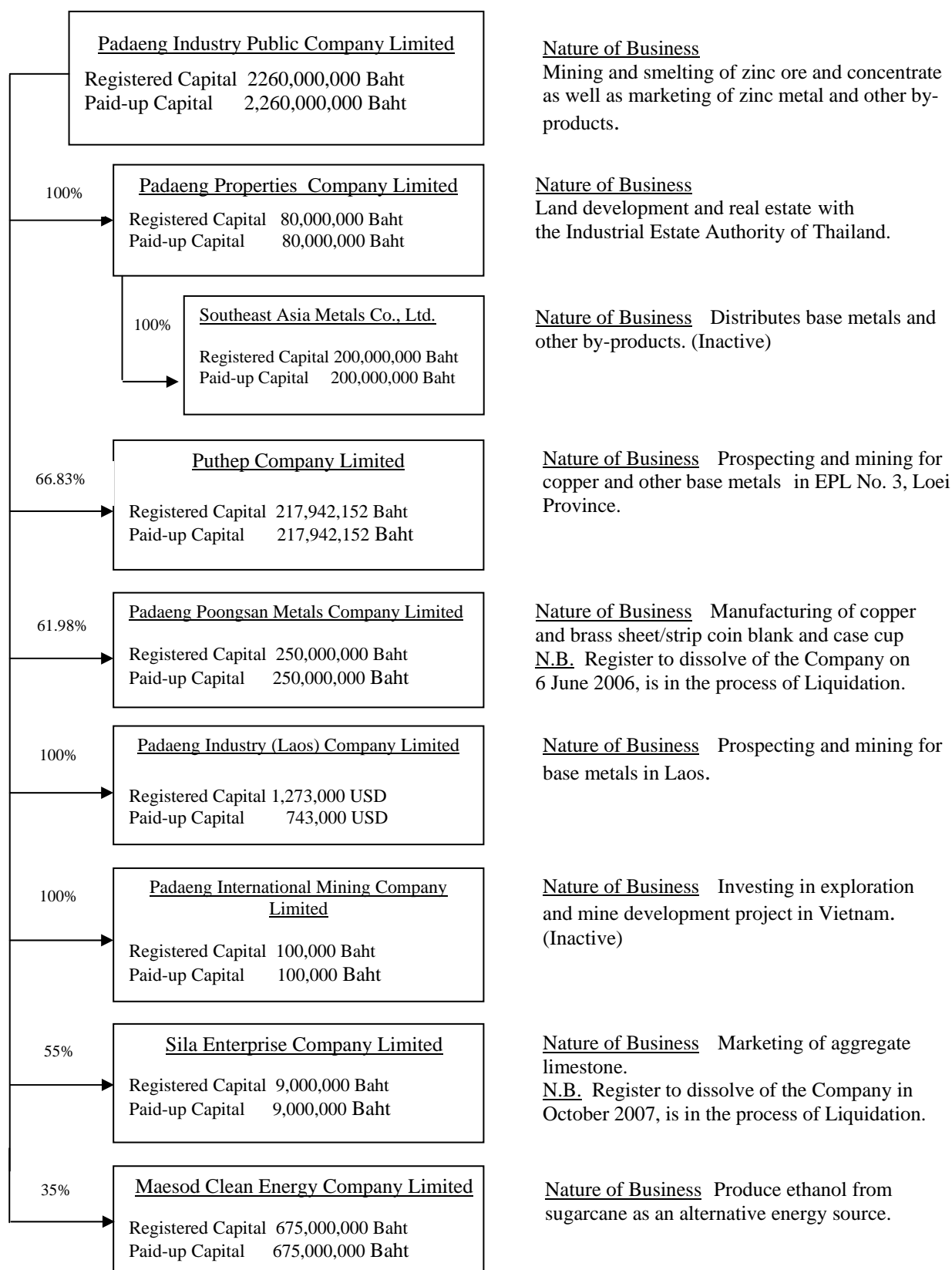
Padaeng Industry was established on April 10, 1981 with the original registered capital of 20 million Baht invested by Thai public (Ministry of Finance), Thai private investors and a private company from Belgium (in the past Vieille-Montagne today called Umicore). The Company has since engaged in mining and refining business with the objective to produce zinc ingot and zinc alloy which is value added product to serve the demand of our customers. The Company's mine is located in Mae Sot District, Tak Province, the zinc refinery is located in Mueang District of the same province and the roaster plant is located in Padaeng Industrial Estate, Rayong province. The Company also has engaged in zinc ore exploration and development program both in Thailand and in neighboring countries.

The Company was listed in the Stock Exchange of Thailand on July 21, 1987 and was converted into a Public Company Limited on February 4, 1994. In 1996, the Company increased its registered capital to 2,260 million Baht which was fully paid in year 2000 after the Company sold the remaining ordinary shares valuing at Baht 1,013 million, or equivalent to 33% to n.v. Umicore s.a. in Belgium. In 2007 Umicore has sold 56,274,000 shares of the Company, representing 24.90% of the Company's total number of the issued shares to Nyrstar Netherlands (Holdings) B.V.

In April 2008 the two major shareholders, Umicore and Nyrstar Netherlands (Holdings) B.V., sold their entire shareholding of 22% and 24% respectively in Padaeng Industry Public Company Limited. The current shareholders with more than 10% shares are: Bali Ventures Limited holds 49,087,200 shares or 21.72%, Ministry of Finance holds 31,200,000 shares or 13.81% and Rak Minerals&Metals Investments FZ-LLC holds 28,162,400 shares or 12.46%.

3.2 Overall Business Operations of the Company, its Subsidiary Companies and its Affiliated Companies

The Company holds shares in the following groups of companies:



3.3 Revenue Structure

Structure of the Company's total revenue can be classified by types of products (2006-2008).

<u>Production Line</u>	<u>Operated by</u>	<u>% of Shareholding</u>	<u>2006 Revenue (Mil.Baht)</u>	<u>% of total revenues</u>	<u>2007 Revenue (Mil.Baht)</u>	<u>% of total revenues</u>	<u>2008 Revenue (Mil.Baht)</u>	<u>% of total revenues</u>
Zinc Ingot *	Padaeng	100	6,807.92	65.20	7,433.29	60.91	4,672.20	57.09
Zinc Alloy	Padaeng	100	3,173.67	30.39	4,098.54	33.58	2,512.26	30.70
Sulphuric Acid	Padaeng	100	188.99	1.81	154.18	1.26	762.11	9.31
Other revenue	Padaeng	100	271.26	2.60	517.94	4.25	237.51	2.90
Total			10,441.84	100.00	12,203.95	100.00	8,184.08	100.00

* Included gain (loss) from metal hedging.

4. Nature of Business of each product line

4.1 Product Type: consisting of 2 main products and 2 by-products, i.e.

Main Products

- SHG (special high grade) Zinc Ingot, 99.995% min.
- Zinc Alloy, with contents of aluminum and magnesium, etc.

By-products

- Sulfuric Acid, commercial grade 98.5%
- Copper Cathode

Usage of Products

- 1) SHG Zinc Ingot
 - Steel galvanizing industry to prevent rust
 - Brass industry
 - Zinc oxide industry (used in tyre industry)
 - Battery industry
 - Others
- 2) Zinc Alloy
 - Auto parts industry, i.e. carburetors, keys, car accessories
 - Household and office accessories, i.e. toilet equipment, keys, door & window locks, ceiling type fan holders, etc.
 - Toys
 - Others
- 3) Sulfuric Acid
 - Waste water treatment
 - Alum
 - Fertilizer
 - Others
- 4) Copper Cathode
 - Copper tube for refrigerators
 - Copper wire for electric appliances
 - Mixed with zinc ingot to make brass

4.2 Market & Competition

Industry conditions

The Industry has not been spared by the world financial and economic crisis of 2008. Asian countries and more particularly Thailand have been protected during the first half of the year, but towards the end of the year, major zinc users showed reduced production levels and even temporary shutdowns.

In 2008, the domestic demand for zinc totalled 112,005 tons, or an increase of 4.7% over the previous year, due to strong demand in the first half of the year, with a growth rate of 9%. The world zinc demand totalled 11.5 million tons in 2008, an increase of 1.8% over the previous year.

The zinc price in 2008 lost much ground, particularly during the fourth quarter. The average annual price was US\$ 1,875 per ton, a decrease of US\$ 1,367 or 42% compared with the previous year, when zinc averaged at US\$ 3,242 per ton

Zinc sales volume

In 2008, the Company's zinc sales totalled 103,719 tons, an increase of 2.4%. Domestic sales accounted for 81% or 84,368 tons, down by 2.2% from the previous year. Overall zinc exports volume totalled 19,350 tons, an increase of 29% on 2007.

Competition in the industry

After four years of zinc consumption higher than the production, 2008 saw a trend reversal. It increased the competition in the industry and led to a zinc price decrease. The Company emphasized its product quality and service standard to meet customer satisfaction, and has therefore held onto its customer base.

4.3 Product Procurement, Environment and Safety

(a) Product Procurement

Production

1) **Mining**

In 2008, the Mae Sod mine produced 50,000 tons of ore and 71,000 tons of zinc concentrates. It represents a drop of almost 40% in ore, but a slight increase (3%) in concentrates as the mine was able to operate during 8 months and the flotation during 11 months.

The Company obtained the new mining lease with duration of 15 years, from 8 April 2008 until 7 April 2023. The company resumed zinc mining in this area after the Department of Primary Industries and Mines undertook the survey and granted approval on 28 April 2008.

2) **Roaster plant**

The Roaster plant in Rayong converts zinc sulphide concentrate into an impure oxide called Calcine. The Calcine is sent to the Zinc smelter in Tak to be processed with zinc silicate ore to produce zinc metal. In the roasting process, sulphuric acid at 98.5% concentration is generated as a by-product.

In 2008, 108,597 tons of Calcine were produced, an increase of 11%. A total of 116,531 tons of sulphuric acid were also produced.

	2008	2007	2006
Calcine (t)	108,597	96,882	88,206
Sulphuric acid (t)	116,531	103,288	95,509

3) **Zinc smelter**

In 2008, the Tak zinc smelter produced 110,629 tons of zinc cathodes as intermediary product. The net production of the foundry totalled 104,134 tons of zinc products, which can be categorized as follows:

- SHG zinc metal: 69,847 tons (67% of output)
- Zinc alloys: 34,287 tons (33% of output)

In addition, copper residues from the smelting process were recovered, producing 438 tons of copper cathodes.

Raw Materials and Suppliers

In 2008, the Company purchased raw materials (sulphide concentrate, silicate ore, oxide and recycled materials) totalling 199,175 tons. The Company imported zinc sulphide concentrates from South America and Australia for its roaster plant in Rayong. The Company imported zinc silicate ore from Australia for the Tak smelter.

Over the past year, global zinc sulphide production increased significantly due to the opening of new mines and the expansion of old ones. Nonetheless, tightness in global shipping capacity resulted in higher freight rate for ore transport, particularly from South America to Thailand, during the first half of the year.

(b) Environment and safety

The Company is aware of its responsibility to respect the environment and to use natural resources in a worthwhile manner. It also needs to maintain safety standards and occupational health for its personnel and the community. Particular attention has been paid to those in line with international standards of management such as the ISO 9001 standard for quality management, the ISO 14001 standard for environmental management, and the OHSAS 18001/TIS 18001 standard for occupational health and safety management. The Company carried out measures to reduce impacts on the environment and to monitor environment quality in accordance with official standards. Various investments were made for the following important projects:

Zinc smelter, Tak province

- Investment to reduce adverse environmental impacts and to implement various measures comprising:

- *Solid waste.* Phase I decommissioning of residue pond (No. R3) was completed by April 2008 according to plan. Phase II commenced in November 2008 and is expected to be finished by April 2009. The construction of cadmium residue pond No. 6 was completed in September 2008.
- *Air.* Additional dust collecting systems were installed at the steam boilers. Total suspended particulates (TSP) have been reduced to lower than 240 mg per cubic metres according to the established standards.
- The zinc smelter actively engaged in occupational health and safety activities, including a program to raise safety consciousness, training and safety inspections. This has resulted in the smelting plant being continuously free from accidents, with no work stoppages during 3,500,000 hours of operations. In recognition, the Company received the outstanding safety, occupational health and environment award for 2008 from the Ministry of Labour.

Roaster plant, Rayong province

- The new installed units at the oxide treatment plant can treat 300 cubic metres of waste water daily.
- The roaster plant can effectively control the emission of sulphur dioxide, with the average count at 307 ppm, well below the official ceiling of 500 ppm.
- The roaster plant received the outstanding safety, occupational health and environment award from the Ministry of Labour in 2008.

Mae Sod mine, Tak province

- In December 2008, the mine received ISO 9001:2008 certification for its quality control system, ISO 14001:2004 certification for environment management system, and OHSAS 18001:2007/TIS 18001:1999 certification for occupational health and safety.
- Monitoring and inspecting environmental quality were conducted in accordance with the new Environmental Impact Assessment (EIA) report which is stricter, requiring higher frequency and more locations in data collection. The data indices include atmospheric air quality, surface water quality, underground water quality, ambient noise quality, aquatic ecology, heavy metal contamination in aqua products (such as cadmium, lead and zinc), transport and communication, public health, and occupational health and safety. The results show that the mine met the official standards for most of the indices.
- The mine also improved various environmental measures in order to comply with the new EIA report. Additional emergency ponds have been constructed to handle extremely heavy rainfall. The water diverting canal from Pa Pu stream to natural water bodies has been constructed in order to increase efficiency in natural water management.
- In accordance with the EIA conditions, the Company set up two funds. The first is the Fund for Development and Rehabilitation of Padaeng Mine in the amount of 97 million Baht. This will ensure that after mining activities are finished, the environment will be completely rehabilitated according to the plan. The second is the Fund for Environmental Risk in the amount of 50 million Baht, which will ensure that the environment will be rehabilitated in case of emergency.
- The mine has already rehabilitated areas of the mine where no further activity is undertaken. This was achieved by introducing vetiver grass from 2003-2008, totalling over 10 million plants. Padaeng is one of the larger growers of vetiver grass plants in the northern region.

- The mine achieved an accident-free record with no work stoppages for 1,000,000 hours in March 2008 and received the Zero Accident Campaign award from the Ministry of Labour.

Summary of Environmental Cost of the Company for 2006-2008

Unit : million Baht

Indicator Measurement	Zinc Smelter			Calcine Plant			Mae Sot Mine		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
Total environmental investment costs	15.5	54.0	41	24	2.2	1.2	7.9	16.3	17.4
Total environmental operating costs	152	155	122	14	21.4	23.0	6.7	5.2	2.8

5. Company Assets

5.1 Total assets of Padaeng Industry Public Company Limited at the end of 2008 were Bt6,477.21m of which 49.9% percent of them are current assets, comprising of cash and cash equivalents, trade accounts receivables and inventories. The rest (50.1%) are investments, property, plant and equipment, exploration and acquisition costs and other assets.

All assets shown in the financial statements of the Company and its subsidiaries belong to the Company and its subsidiaries. The Company has not placed any assets as collateral as at 31 December 2008.

From the consolidated financial statements of the Company and its subsidiaries property, plant and equipment have carrying values of Bt2,040.92m, which are 31.5% of total assets.

Property, Plant and Equipment of the Company and the subsidiaries

Assets	Amounts (Million Baht)
Land and land improvements	424.44
Buildings	430.67
Machinery and heavy equipments	955.31
Equipments, furniture and fixtures	70.31
Vehicles	77.08
Building and machinery under constructions	83.11
Total	2,040.92

Remark: Figures in financial statements are presented at book value.

5.2 Licenses and Investment Promotion Certificates

(1) Investment Promotion Certificates

The Company has been granted certain privileges, as a promoted company under the Investment Promotion Act of B.E. 2520 (1977), including exemption from import duties and taxes on certain machinery and equipment used in the production of goods and exemption from corporate income tax from the following manufactured and distributed goods:

1. Zinc Ingot and Zinc Alloy Category 2.2 Smelting under Investment Promotion Certificate No. 1575/2539 (1996) dated August 20, 1996.

Exemption from taxes on corporate income earned from eligible activities, for a period of 8 years (expiring 2004), commencing from the time revenue is earned. In addition, the Company has been granted a 50 percent reduction, from the normal rate, of corporate income tax rate for the subsequent 5 years thereafter (expiring 2009).

2. Ore Exploration Category 2.1 Ore Exploration under Investment Promotion Certificate No. 1422/2537 (1994) dated July 11, 1994.

Exemption from taxes on corporate income earned from eligible activities, for a period of 8 years, commencing from the time revenue is earned. In addition, the Company has been granted a 50 percent reduction, from the normal rate, of corporate income tax rate for the subsequent 5 years thereafter.

Remark : The Company has not yet earned revenue from ore exploration, therefore the expiration date cannot be specified.

3. Zinc Calcine and Sulphuric Acid Category 2.3 Mining or finishing ore and Category 6.1 Manufacturing industrial chemicals under Investment Promotion Certificate No. 1185/2536 (1993) dated October 14, 1993.

Exemption from corporate income taxes for a period of 8 years (expiring 2004), commencing in November 1996. In addition, the company has been granted a 50 percent reduction, from the normal rate, of corporate income tax rate for the subsequent 5 years thereafter (expiring 2009).

(2) Exploration and Mining Licenses

The Company has been granted the following exploration and mining licenses:

1. Mining Lease No. 30769/15525 permission to conduct zinc ore mining operations on a 246 rai and 65 square wah area of land in Mae Sot district of Tak province for a period of 15 years, from July 11, 2002 until July 10, 2017.

2. Mining Lease No. 30779/15797 permission to conduct zinc ore mining operations on a 256 rai area of land in Mae Sot district of Tak province for a period of 15 years, from April 8, 2008 until April 7, 2023.

3. Mining Lease No. 20803/13788 permission to conduct limestone mining operations on a 61 rai and 1 ngan and 22 square wah area of land in MuangTak district of Tak province for a period of 25 years, from May 28, 1985 until May 27, 2010.

4. Special Prospecting License No. 1/2548 permission for zinc ore exploration in Lam Pun province on a 6,513 rai area of land, from April 1, 2005 until March 31, 2010.

5. Special Prospecting License No. 2/2548 permission for zinc ore exploration in Tak province on a 4,917 rai area of land, from April 1, 2005 until March 31, 2010.

6. Special Prospecting License No. 3/2548 permission for zinc ore exploration in Tak province on a 8,298 rai area of land, from April 1, 2005 until March 31, 2010

7. Special Prospecting License No. 4/2548 permission for zinc ore exploration in Lam Pun province on a 9,500 rai area of land, from June 20, 2005 until June 19, 2010

8. Special Prospecting License No. 5/2548 permission for zinc ore exploration in Loei province on a 9,280 rai area of land, from June 20, 2005 until June 19, 2010

9. Special Prospecting License No. 6/2548 permission for zinc ore exploration in Loei province on a 4,140 rai area of land, from June 20, 2005 until June 19, 2010
10. Special Prospecting License No. 7/2548 permission for zinc ore exploration in Loei province on a 9,527 rai area of land, from June 20, 2005 until June 19, 2010
11. Special Prospecting License No. 8/2548 permission for zinc ore exploration in Loei province on a 9,809 rai area of land, from June 20, 2005 until June 19, 2010
12. Special Prospecting License No. 1/2549 permission for zinc ore exploration in Tak province on a 9,211 rai area of land, from April 26, 2006 until April 25, 2011
13. Special Prospecting License No. 2/2549 permission for zinc ore exploration in Tak province on a 10,000 rai area of land, from April 26, 2006 until April 25, 2011
14. Special Prospecting License No. 3/2549 permission for zinc ore exploration in Tak province on a 10,000 rai area of land, from April 26, 2006 until April 25, 2011
15. Special Prospecting License No. 4/2549 permission for zinc ore exploration in Tak province on a 10,000 rai area of land, from April 26, 2006 until April 25, 2011
16. Special Prospecting License No. 5/2549 permission for zinc ore exploration in Tak province on a 10,000 rai area of land, from April 26, 2006 until April 25, 2011
17. Special Prospecting License No. 6/2549 permission for zinc ore exploration in Tak province on a 10,000 rai area of land, from April 26, 2006 until April 25, 2011
18. Special Prospecting License No. 7/2549 permission for zinc ore exploration in Tak province on a 9,516 rai area of land, from April 26, 2006 until April 25, 2011
19. Special Prospecting License No. 8/2549 permission for zinc ore exploration in Tak province on a 9,328 rai area of land, from April 26, 2006 until April 25, 2011
20. Special Prospecting License No. 9/2549 permission for zinc ore exploration in Karnchanaburi province on a 3,000 rai area of land, from June 16, 2006 until June 15, 2011
21. Special Prospecting License No. 10/2549 permission for zinc ore exploration in Karnchanaburi province on a 9,852 rai area of land, from June 16, 2006 until June 15, 2011
22. Special Prospecting License No. 11/2549 permission for zinc ore exploration in Karnchanaburi province on a 9,676 rai area of land, from June 16, 2006 until June 15, 2011
23. Special Prospecting License No. 1/2550 permission for zinc ore exploration in Tak province on a 9,517 rai area of land, from January 23, 2007 until January 22, 2012
24. Special Prospecting License No. 2/2550 permission for zinc ore exploration in Tak province on a 10,000 rai area of land, from January 23, 2007 until January 22, 2012

25. Special Prospecting License No. 3/2550 permission for zinc ore exploration in Tak province on a 10,000 rai area of land, from January 25, 2007 until January 24, 2012

26. Special Prospecting License No. 4/2550 permission for zinc ore exploration in Tak province on a 9,981 rai area of land, from January 25, 2007 until January 24, 2012

27. Special Prospecting License No. 5/2550 permission for zinc ore exploration in Chiang Mai province on a 9,981 rai area of land, from May 25, 2007 until May 24, 2012

28. Special Prospecting License No. 7/2550 permission for zinc ore exploration in Petchaboon province on a 9,981 rai area of land, from October 2, 2007 until October 1, 2012

29. Special Prospecting License No. 8/2550 permission for zinc ore exploration in Petchaboon province on a 9,981 rai area of land, from October 2, 2007 until October 1, 2012

30. Special Prospecting License No. 9/2550 permission for zinc ore exploration in Petchaboon province on a 9,981 rai area of land, from October 2, 2007 until October 1, 2012

5.3 Policy for investment in subsidiary and related companies

In line with the Company's business goals, it will only support the subsidiaries that relate to the core business of zinc smelting and mining. For those that are not related to the core business, the Company will conduct activities to a minimum. They will continue to operate their daily businesses as usual and independently from the Company. At the moment, the proportion of total investment in subsidiaries represents 8.2% of total assets.

5.4 Policy for supervising subsidiary and affiliated companies

In the case of a subsidiary company, executives of the Company will be appointed as directors, in a proportion of more than half of the total number of directors, to supervise operations of the subsidiary company so that the subsidiary's activities would be under the Company's policy.

In the case of an affiliated company, executives of the Company will be appointed members of the Board of Directors, in proportion to the number of shares held by the Company. As a representative of the Company, the director(s) will receive policy mandates from the Company for the control or supervision of the operations of the affiliated company.

6. Legal Disputes

As of 23 March 2009, the Company was served with notice of three complaints by 218, 319 and 293 plaintiffs respectively filed in the Bangkok Southern Civil Court. The plaintiffs are seeking total compensation of Baht 2,995 million from the Company alleging that it caused cadmium contamination in the Mae Sod district of Tak province. The Company has not yet been required to file an answer to the claims. It is in the process of evaluating the merit of the case, but is confident that its strict environmental measures are in line with the regulations and requirements of the authorities. Management intends to defend the case vigorously. At this stage, the outcome of the proceedings is unknown and no contingent liability has been recorded in 2008.

The Company is aware of recent statements by the Lawyers Council of Thailand that civil suits have been filed by 1,037 plaintiffs claiming total compensation of Baht 3.7 billion but, to date, the Company has only been served with notice of the above complaint.

7. Capital Structures

(1) Company's Stocks

The Company has 2,260 million Baht registered capital, which is fully paid up. It is divided into 226,000,000 ordinary shares at Baht 10 per share.

(2) Shareholders Structure

a) List of the top 10 shareholders of Padaeng Industry Public Co., Ltd. as of 30 December 2008, which is the latest date of the close of the Shareholders' Register, is as follows:

<u>No.</u> <u>Name</u>	<u>No. of Shares</u>	<u>% of Total Shares</u>
1. Bali Ventures Limited	49,087,200	21.72
2. Ministry of Finance	31,200,000	13.81
3. RAK Minerals & Metals Investments FZ-LLC	28,162,400	12.46
4. Thai NVDR Co., Ltd.	22,778,680	10.08
5. Goldman Sachs International	19,634,840	8.69
6. Thailand Securities Depository Co., Ltd. for Depositor	11,700,000	5.18
7. Bangkok Bank Public Company Limited	7,301,070	3.23
8. Government Pension Fund	4,520,000	2.00
9. Mr. Anan Utharntharm	2,260,000	1.00
10. Mrs. Nunta Roongnobbakoonsri	2,218,300	0.98

Note: Investors can look up the present shareholders of the Company at www.padaeng.com before the 2009 Shareholders' Meeting.

b) Major Shareholders

<u>No.</u> <u>Name</u>	<u>No. of Shares</u>	<u>% of Total Shares</u>
1. Bali Ventures Limited	49,087,200	21.72
2. Ministry of Finance	31,200,000	13.81
3. RAK Minerals & Metals Investments FZ-LLC	28,162,400	12.46

(3) Policy for payment of dividends

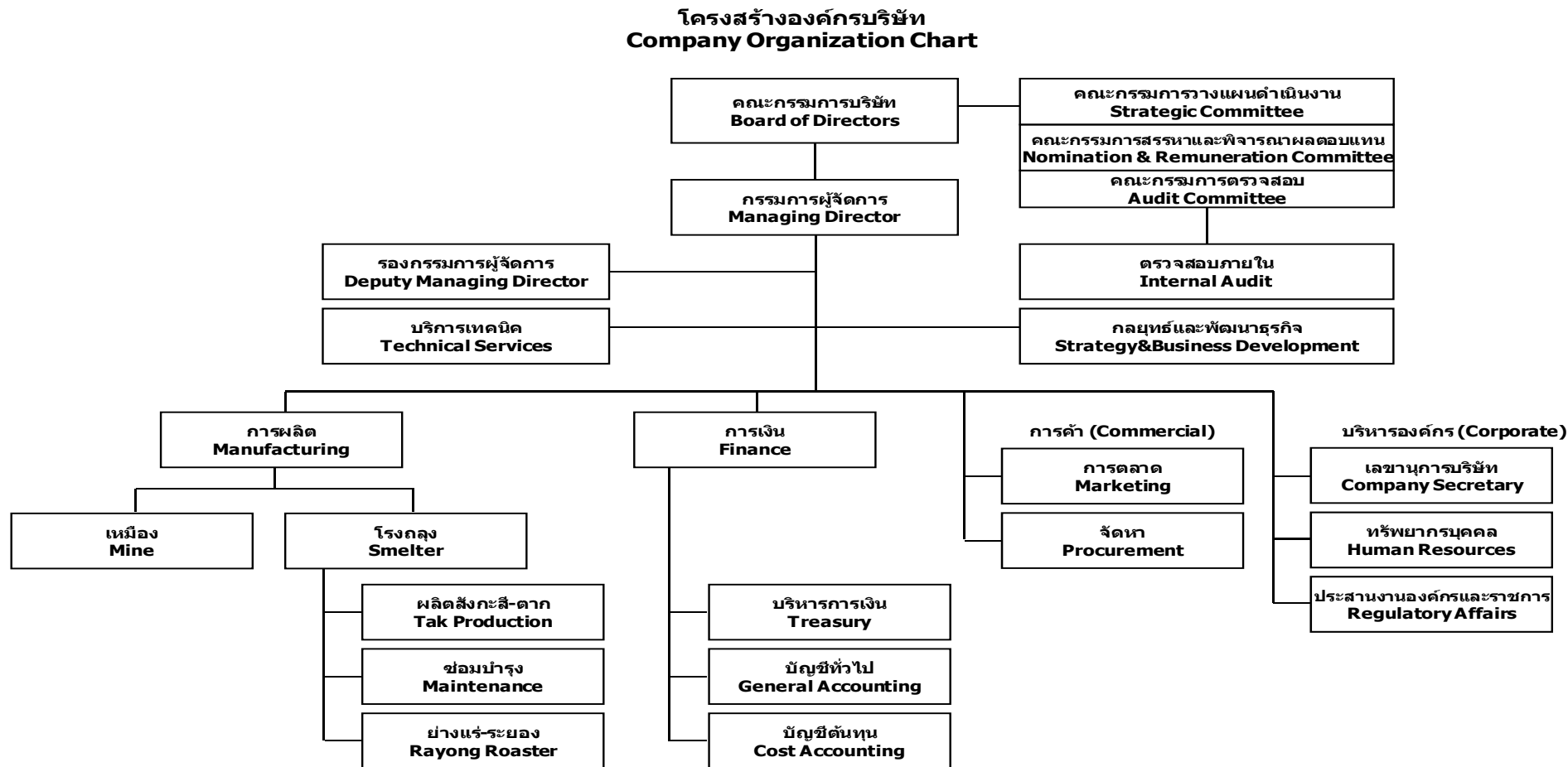
An amount of at least 5% of profits after corporate income taxes must be put in reserve, until the total amount in reserve equals 10% of the Company's authorized share capital. The Company will normally pay dividends up to 50% of profits after corporate income taxes, unless the Board determines that the near future cash needs of the Company justify reserving part of the profit to cover those needs.

At the meeting of 23 April 2008, and after reviewing the financial statements of 31 December 2007, the Board proposed and the shareholders approved the payment of a dividend for 2007 of 2.74 Baht per share, in excess of the by-laws guidelines. This dividend has been paid on 20 May 2008 with the Company's share transfer book closing for the right to receive the dividend on 6 May 2008 at 12.00 hr.

There is no fixed dividend payment policy for subsidiaries. However subsidiary will generally follow the policy of the Company.

8. Management

(1) Management Structure Organization Chart of Padaeng Industry Public Company Limited in the year 2008.



Padaeng Industry Public Company Limited has 4 sets of committees.

1) Board of Directors

The duties and responsibilities of the Company's Board of Directors are as follows:

1. Manage company operations according to the law, rules and regulations, mission of the Company and resolutions of the Company shareholders
2. Determine the amount of dividend to be paid to shareholders
3. Determine the amount of compensation or bonus to be awarded to officers or employees or other staff working for the Company (permanent or temporary employees), not including pension benefits or other remuneration paid to directors
4. Review the Company's strategic work plan and assessment of operations as submitted by Strategic Committee

In carrying out its duties and responsibilities, Board of Directors may assign the Managing Director, any or several directors or any other person (s) to take action on its behalf.

- The Company's Board of Directors consists of 12 members as follows:

<u>No.</u>	<u>Name</u>	<u>Title</u>
1.	Mr. Arsa Sarasin	Chairman
2.	Mr. Paron Israsena	Independent Director
3.	Mr. Vinai Vamvanij	Independent Director
4.	Mr. Aswin Kongsiri	Independent Director
5.	Mrs. Sirinuj Bisonyabut	Director
6.	Mr. Pinit Vongmasa	Director
7.	Mr. Karel Vinck	Independent Director
8.	Mr. Ahmad Bin Fahad	Director
9.	Mr. Madhu Koneru	Director
10.	Dr. Pablo Fetter	Director
11.	Mr. André R. van der Heyden	Managing Director
12.	Mr. Vinij Ongnognun	Deputy Managing Director
and	Dr. Surin Tanticharoenkiat	Company Secretary

The definition of Independent Director

1. Holding shares not more than 5% of paid-up capital of the Company, affiliated company, associated company or related company, which shall be inclusive of the shares held by related persons.
2. Being a director who does not take part in the management of the Company, affiliated company, associated company, related company or majority shareholder of the Company. Not being an employee, staff member or advisor who receives a regular salary from the Company, affiliated company, associated company, related company or majority shareholder of the Company.

3. Being a director who has no direct or indirect benefit or interest in finance and management of the Company, affiliated company, associated company or majority shareholder of the Company.

Being a director who has no benefit or interest of the said nature during the period of 1 year before his appointment as a director except where Board of Directors has carefully considered that such previous benefit or interest does not affect the performance of duties and the giving of independent opinions.

4. Being a director who is not a related person or close relative of any management member or majority shareholder of the Company.

5. Being a director whom is not appointed as a representative to safeguard interests of the Company's directors, majority shareholders of the Company who are related to the Company's majority shareholders.

6. Being capable of performing duties, giving opinions or reporting the results of performance of work according to the duties delegated by Board of Directors free and clear of the management or the majority shareholders of the Company including related persons or close relatives of the said persons.

Authorized Directors

The authorized directors consist of Mr. Arsa Sarasin, Mr. André R. van der Heyden, and Mr. Vinij Ongnegnun, two among three persons affix their signatures and seal of the Company.

2) Audit Committee

Audit Committee has been established on 22 December 1998 and at present consists of 3 directors as follows:

<u>No.</u>	<u>Name</u>	<u>Title</u>
1.	Mr. Vinai Vamvanij	Chairman of the Audit Committee
2.	Mr. Paron Israsena	Audit Committee Member
3.	Mr. Aswin Kongsiri	Audit Committee Member
and	Dr. Surin Tanticharoenkiat	Secretary to the Audit Committee

Mr. Vinai Vamvanij, Chairman of Audit Committee, who has knowledge and experience reviewing financial statements of the Company. His backgrounds on financial statements reviews are as follows:

<u>Year</u>	<u>Position</u>	<u>Company</u>
1967-1968	Senior Auditor	Price Waterhouse & Co., Chartered Accountants
1963-1966	Audit & Accounting Clerk	R.J. Oehr & Church, Chartered Accountants Melbourne, Australia

In 2008 the committee met quarterly. In addition there was one non-management meeting among the committee and the auditors and reported to Board of Directors.

Audit Committee's scope of authority is as follows:

1. Audit Committee shall have the authority to request any information it sees relevant to its activities from the director or any managers of the Company.
2. Audit Committee may seek independent professional advice as it considers necessary.
3. Audit Committee will have no executive powers with regard to its findings and recommendations.

3) Strategic Committee

Strategic Committee has been established on 13 July 2000 and at present consists of 4 members as follows:

<u>No.</u>	<u>Name</u>	<u>Title</u>
1.	Mr. Vinai Vamvanij	Member
2.	Mr. Madhu Koneru	Member
3.	Mr. André R. van der Heyden	Member
4.	Mr. Vinij Ongnegnun	Member
and	Dr. Surin Tanticharoenkiat	Secretary to Strategic Committee

In 2008 the committee held 3 meetings and reported to Board of Directors.

Strategic Committee is responsible for preparing and providing the Company's strategic work plan and assessment for consideration by Board of Directors, as well as giving recommendations to Board of Directors. All matters regarding strategy and planning should be channeled through Strategic Committee for presentation and/or recommendation to Board of Directors for consideration. Moreover, Strategic Committee acts as an advisor to Board of Directors, but does not have decision-making authority.

4) Nomination and Remuneration Committee

Nomination and Remuneration Committee has been established on 25 February 2005 and at present consists of 4 members as follows:

<u>No.</u>	<u>Name</u>	<u>Title</u>
1.	Mr. Paron Israsena	Chairman
2.	Mr. Aswin Kongsiri	Member
3.	Mr. Ahmad Bin Fahad	Member
4.	Mr. Pinit Vongmasa	Member
and	Dr. Surin Tanticharoenkiat	Secretary to Nomination and Remuneration Committee

In 2008 the committee held 6 meetings and reported to Board of Directors.

Nomination and Remuneration Committee is responsible for

1. To recommend new nominees to the Board to fill positions made vacant by directors who complete their terms or resign.
2. To review for the Board the succession plan of the Company's top executives.
3. To recommend fair and reasonable annual remuneration for the Board, the subcommittees and the top executives.

Meetings of Board of Directors which are detailed in section (4) Corporate Governance.

Executives (2008)

<u>No.</u>	<u>Name</u>	<u>Title</u>
1.	Mr. Arsa Sarasin	Chairman
2.	Mr. André R. van der Heyden	Managing Director
3.	Mr. Vinij Ongnegnun	Deputy Managing Director
4.	Mr. Chaiyan Roojnawate	Chief Manufacturing Officer
5.	Mr. Waykin Utharntharm	Chief Financial Officer
6.	Dr. Kitisil Kalayanakoul	Senior Vice President - Calcine Plant
7.	Mr. Somluck Toonkumtornchai	Senior Vice President - Marketing

(2) The selection of Company Directors and Executives

The Company has set up Nomination and Remuneration Committee. The committee will recommend new nominees to the Board to fill positions made vacant by directors who complete their terms or resign.

Of all the Company's directors, four are representatives from the main shareholders. Bali Ventures Limited of UAE holds 2 seats, The Ministry of Finance holds 1 seat, and RAK Minerals & Metals Investments FZ LLC of UAE holds 1 seat on Board of Directors.

The selection of Independent Directors

Nomination and Remuneration Committee will consider from the list of candidates and nominate person/s with proper qualification, experiences which be beneficial to the Company.

The appointment of a director requires a majority vote from the eligible voting shareholders present at the shareholders' meeting. Voting shall be according to the following guidelines:

1. Each shareholder shall have one vote for each share.
2. Each shareholder must exercise all the votes he has under item (1) to elect one or several persons to be directors but cannot divide his votes to any person particularly.
3. The candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be elected as directors equivalent to the number of directors who are to be elected.
4. If there is a tie in the last to be elected and this exceeds the said number of directors, the presiding Chairman shall have an additional casting vote.

(3) Remuneration for Executives consists of:

3.1 In the form of cash

a) In the year 2008 the Company paid a total of Bt5,234,843.99 to Directors, 4 Strategic Committee Members, 3 Audit Committee Members and 4 Nomination and Remuneration Committee Members as director's fees and director's remuneration, detail as follows:

Directors	Position	Remuneration (Baht) ³⁾	Director Bonus for 2008 (Baht) ¹⁾
1. Mr. Arsa Sarasin	Chairman	-	- ²⁾
2. Mr. Paron Israsena	Independent Director	245,000.00	215,700.00
	Audit Committee Member	200,000.00	
	Nomination and Remuneration Committee Member	120,000.00	
3. Mr. Vinai Vamvanij	Independent Director	290,000.00	215,700.00
	Audit Committee Chairman	200,000.00	
	Strategic Committee Member	60,000.00	
4. Mr. Aswin Kongsiri	Independent Director	290,000.00	215,700.00
	Audit Committee Member	200,000.00	
	Nomination and Remuneration Committee Member	100,000.00	
5. Mrs. Sirinuj Bisonyabut	Director	290,000.00	215,700.00
6. Mr. Pinit Vongmasa	Director	290,000.00	215,700.00
	Nomination and Remuneration Committee Member	100,000	
7. Mr. Thanin Serngadichaivit (Until 23 April 2008)	Director	92,637.36	66,800.00
8. Mr. Karel Vinck (Until 4 April 2008 and then elected as an independent director of PDI from 23 April 2009)	Independent Director	235,109.89	205,100.00
9. Mr. Martin Hess (Until 4 April 2008)	Director	82,197.80	55,600.00
	Strategic Committee Member	20,000.00	
	Nomination and Remuneration Committee Member	20,000.00	
10. Mr. Ahmad Bin Fahad (Since 16 April 2008)	Director	186,758.24	153,700.00
	Nomination and Remuneration Committee Member	-	
11. Mr. Linley Davidson (During 23 April - 10 November 2008)	Director	139,651.22	119,400.00
12. Mr. Madhu Koneru (Since 23 April 2008)	Director	152,912.09	149,560.00
	Strategic Committee		
13. Dr. Pablo Fetter (Since 11 November 2008)	Director	27,717.39	24,200.00
14. Mr. Bernard Tonnon (Until 4 April 2008)	Director	-	- ²⁾
	Managing Director	-	
	Strategic Committee Member	-	
15. Mr. André R. van der Heyden (Since 4 April 2008)	Director	-	- ²⁾
	Managing Director	-	
	Strategic Committee Member	-	
16. Mr. Vinij Ongnagnun	Director	-	- ²⁾
	Deputy Managing Director	-	
	Strategic Committee Member	-	
		3,381,983.99	1,852,860.00

- Note:** 1) Director Bonus will be proposed to the 2009 Shareholders' Meeting for approval.
2) Executive Director's bonus are included in b) the Company bonus paid to the executives.
3) No remuneration payment for the executive directors.

b) The Company paid a total of Bt59,566,000.00 to the 7 executives in the year 2008, as salaries and bonuses.

3.2 In other forms:

The Company contributed to employees' provident fund savings, as a percentage of salary and period of time enrolled in the fund, ranging from 5 to 10%.

(4) Corporate Governance

The Company conducts business in conformity with "The Principles of Good Corporate Governance, published in 2006", as set out by the Stock Exchange of Thailand. By doing so, the Company demonstrates its commitment to standards and conduct in building confidence of the shareholders, investors and other related entities or persons. Audit Committee, through internal audit department, supervises financial statements, internal control, and practices of good corporate governance to ensure compliance to policies. The Company has also enacted a Code of Ethics to which all executives and employees are expected to adhere to in conducting business. The Company has set up a Nomination and Remuneration committee to oversee the process of directors' nomination and to recommend fair and reasonable annual remuneration for the Board, the subcommittees and the top executives. To ensure efficient and productive business operations a Strategic Committee has been established to propose the Company's strategic plan to Board of Directors.

The Company has taken steps in other areas as well, in an effort to be accepted by its stakeholders and other related entities, as having good corporate governance as called for by the Stock Exchange of Thailand.

I. Rights of Shareholders

The Company considers each shareholder as an equal and stipulates procedures for the meeting according to the law and in compliance with guidelines of the Stock Exchange of Thailand.

In 2008 the Company held one annual shareholder's meeting on 23 April 2008 at the Queen Sirikit National Convention Centre. An invitation letter with agenda of the meeting and related documents were sent to the shareholders 7 days prior to the meeting. Topics on the agenda included the opinion of the Board of Directors and minutes of the last meeting in order to allow shareholders ample time and opportunity to review and consider the topics. The Company made every effort to accommodate shareholders by arranging the meeting in a convenient location with an appropriately sized meeting space and permitted shareholder proxies in the event they were unable to attend. The Company has also posted the information regarding shareholders meetings on the Company's website and shareholders could send questions related to the Company operations through the website prior to the meeting date.

During the 2008 annual shareholders' meeting, a total of 9 directors attended, including the Chairman of the Audit Committee. The Chairman of the meeting allowed equal opportunity for all shareholders to question, comment or give suggestions regarding conduct of company operations. Notable inquiries and opinions were recorded in the minutes of the meeting.

In addition to the annual shareholders' meeting, the Company will call additional shareholders' meeting, if necessary, in the event that specific emergency agenda topics, which are vital to the shareholders' interests or relate to by-laws or regulations require shareholders' approval.

II. Equitable Treatment of Shareholders.

The Company considers each shareholder as an equal and stipulates procedures for the meeting according to the law and in compliance with guidelines of the Stock Exchange of Thailand. Shareholder can send in their proxies in the event that they are unable to attend.

To protect against conflict of interest and use of inside information for personal gain, Board of Directors investigates any instance which may lead to a dispute and has established a policy and guidelines to prevent executives and related persons from using internal company information for personal gains. During each Board of Directors' meeting, a summary of company holdings by directors and executives is submitted for review monitor any use of inside information for gains by executives.

The Company has established a channel (through company's website) to allow shareholders to submit names of qualified candidates to be nominated as board members and to propose an agenda for and in advance of the annual general shareholders' meeting.

III. Role of Stakeholders.

The Company places much significance upon the rights of every group of stakeholders, particularly the society, its shareholders, customers and employees.

Commitment to customers

PDI commits to provide, on time and at a reasonable price, products and services meeting standards required by customers.

Commitment to shareholders.

PDI commits to profitable and secure operations yielding an attractive long-term return.

Commitment to employees.

PDI considers its employees to be the Company's most valuable asset and commits to competitive compensation with appropriate benefits, opportunities for career advancement, and safe and healthy working conditions.

Commitment to the community (local and national).

PDI commits to its obligations and responsibilities to the society, natural resources and environment. PDI commits to a good citizenship in the local communities where it operates.

In undertaking the above commitments, PDI strives to ensure that the interests of all parties - customers, shareholders, employees and community- are balanced. The Company will not favour abusively one party to the detriment of the others.

IV. Disclosure and Transparency.

It is the Company's philosophy to conduct business with honesty, righteousness and ethics, with responsibility towards all stakeholders, namely, customers, shareholders, employees, society. The Company has issued a Code of Ethics, which gives guidelines for work and employee conduct. All related persons are to use this manual as a reference for carrying out duties according to the mission of the Company. The new Code of Ethics has been put in effect in 2008.

The Company ensures that important information, both financial and non-financial, as specified in relevant regulations through the channel of the SET is disclosed correctly, accurately, on a timely basis and transparently. In addition financial report, annual statements (Form 56-1), and annual reports, are disclosed on the Company's website.

Board of Directors has also called for the disclosure of company information in an accurate, complete, transparent and widespread manner. As such financial information as well as general information about the Company, which might impact the value of company stock, is readily available. Shareholders and other interested parties may locate any such information through the various the Stock Exchange of Thailand media outlets or from the Company's website. A specific investor relations function has been established and existing and potential investors can obtain information by contacting the Company directly at Tel: 02-695 9499 or at www.padaeng.com or e-mail inquiries to the Investor Relation Manager at woratipr@padaeng.co.th.

The Company also recognizes the importance of internal control systems on both management and operational levels and has created an authority manual as the definitive reference. An independent internal audit department, reporting directly to Audit Committee, works as an internal checks and balances and conducts audits as needed.

V. Responsibilities of the Board.

The Company's Board of Directors is responsible for acting in compliance with by-laws, objectives and guidelines of the Company and resolutions of the shareholders' meeting, with honesty and prudence in the best interests of the Company. In addition Board of Directors has played a part in establishing the vision, mission, strategy, objectives, business plans and budget of the Company with effectiveness and efficiency. Also the Board ensures that the management team conducts operations in accordance with the Company's business plan, to add value to its business and ensure maximum stability for its shareholders.

Board of Directors is of the opinion that the Company maintains adequate internal controls and can reasonably show credibility towards its financial statements as of December 31, 2008.

Balance of Power for Non-Executive Directors

The Company's Board of Directors consists of qualified directors with a broad realm of experience, totaling 12 members at the end of 2008 as follows:

Executive Directors	3 members
Non-Executive Directors	9 members
Directors representing major shareholders	4 members
- Bali Ventures Limited holds 2 seats	
- Ministry of Finance holds 1 seat	
- RAK Minerals & Metals Investments FZ LLC holds 1 seat	
Independent directors	4 members
(3 of the independent directors are Audit committee members)	

Aggregation or Segregation of Positions

The position of the Chairman of Board of Directors and position of MD are kept separate as to ensure a clear distinction between responsibilities, that of policy making and that of day to day operations respectively. The Company has clearly defined the authority and responsibilities of management at every level.

Remunerations for Directors and Management

Remuneration for Directors - Remuneration for Company directors has been determined in a clear manner and is comparable to that of similar companies in the industry. The amount of remuneration has been approved by shareholders. Directors who have been selected to sit on Audit Committee, Strategic Committee and Nomination and Remuneration Committee receive additional remuneration reflective of the added work responsibility.

Remuneration for Top Executives - Remuneration for top executives has been determined in accordance with the principles and policy set by Board of Directors and corresponds with overall company performance and that of each individual executive.

Remuneration for the Board, subcommittees and top executives is reviewed by Nomination and Remuneration Committee before submitting to the Board.

Remuneration for Directors in 2008 is detailed in Section (3) Remuneration for Executives.

Meetings of the Board of Directors

Board of Directors has regular meetings held every 3 months and may call additional special meetings as needed. Clear agenda topics and agenda minutes of the meetings are prepared in advance of each meeting and the Board Secretary sends out an invitation letter and relevant documents to board members prior to the meeting, so as to allow sufficient time for review. During 2008, Board of Directors met 6 times with records of attendance as follows:

Name	Term Appointed to Office	No.of Meetings	Excused	Attendance (times)
1. Mr. Arsa Sarasin	23 Apr.07-30 Apr.10	6	-	6
2. Mr. Paron Israsena	26 Apr.06-30 Apr.09	6	3	3
3. Mr. Vinai Vamvanij	23 Apr.08-30 Apr.11	6	-	6
4. Mr. Aswin Kongsiri	23 Apr.07-30 Apr.10	6	-	6
5. Mrs. Sirinuj Bisonyabut	23 Apr.08-30 Apr.11	6	-	6
6. Mr. Pinit Vongmasa	23 Apr.07-30 Apr.10	6	-	6
7. Mr. Karel Vinck	23 Apr.08-30 Apr.11	5	2	3
8. Mr. Ahmad Bin Fahad	16 Apr.08-30 Apr.09	3	-	3
9. Mr. Madhu Koneru	23 Apr.08-30 Apr.11	3	2	1
10.Dr. Pablo Fetter	11 Nov.08-30 Apr.11	-	-	-
11.Mr. André R. van der Heyden	04 Apr.08-30 Apr.09	4	-	4
12.Mr. Vinij Ongnegnun	23 Apr.08-30 Apr.11	6	-	6

Board self assessment

The Board has conducted self assessment yearly to allow all members of the Board to consider the Board's performance and solve any problems they may have.

Committees

Board of Directors has established Audit Committee, made up of independent directors, to supervise and be responsible for the integrity of the financial statements and internal control system. The opinions of Audit Committee are written in the annual report. In addition the Company set up Strategic Committee and Nomination & Remuneration Committee to help in supervising company operations. Each committee has its own members, scope of work and responsibilities, which are detailed in section Management Structure.

(5) Controlling the Use of Internal Information.

The Company has established a policy and guidelines to prevent executives and related persons from using internal company information for personal gains. During each Board of Directors' meeting, a summary of company holdings by directors and executives is submitted for review to monitor any use of inside information by executives.

(6) Personnel

The Company has placed importance on human resource development particularly the staff enhancement which helps them survive within business changes and fulfill the future mission. Also, the Company has urged all staffs to aware of the Company values. Moreover, the new remuneration system has been developed in order to encourage the staff motivation and promote both internal and external equity for everyone.

At year end, the total number of company employees stood at 1,057 including contracted employees, consisting of 92 employees at the Bangkok office, 513 employees at the Smelter plant in Tak province, 176 employees at the Mae Sod mine, 113 employees at the

Roaster plant in Rayong province and 163 contracted employees. In year 2008, compensation paid to employees is in form of salaries and bonuses. In addition, the Company contributed to employees' provident fund savings, as a percentage of salary and period of time enrolled in the fund, ranging from 5-10%.

The Company's total workforce, approximately 21% of employees have earned at least a bachelor's level degree, while 40% have earned an Associate's or Vocational level degree. The remaining employees have studied at less than vocational level. The majority of company employees reside in Tak province and the northern region of the country, where the smelter plant and mine is located. The average age of employees is 39 years, while average tenure of service with the Company is 12 years. For the year, employee turnover rate equaled 2.5 %.

9. Internal Control

During Board of Directors' meeting, No. 01-2009, held on Tuesday 17 February, 2009, the Board assessed the system of internal control, the organization and external conditions, risk management, method of disseminating, communicating and monitoring information, it was determined that the Company employs an adequate system of internal control regarding transactions with major shareholders, directors, management and related persons, as well as internal control in other areas.

Following is an opinion of the auditor, Mrs. Nattaporn Phan-Udom, Certified Public Accountant (Thailand) No. 3430, PricewaterhouseCoopers ABAS Ltd.:

“In planning and performing our audit of the financial statements of Padaeng Industry Public Company Limited for the year ended 31 December 2008, we obtained an understanding of the internal control system in order to determine the nature, timing and extent of our audit procedures, for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control system.

The management of Padaeng Industry Public Company Limited are responsible for establishing and maintaining an internal control system to assist in achieving management's objective of ensuring, as far as practicable, the orderly and efficient conduct of its business, including adherence to management policies, the safeguarding of assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

Because of inherent limitations in any internal control system, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the internal control system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

However, after consideration of the internal control system, we noted no matters involving the internal control system and its operation that we consider to be material weaknesses under Thai Auditing Standard 400 “Risk assessments and internal control”. Material weaknesses as defined in the Auditing Standard are the weaknesses in internal control that could have a material effect on the financial statements.”

10. Related Parties Transactions

The Company's policy on related parties transactions is based on the principles of free trade, using the world price as a reference, and is conducted in the best interest of the Company. The internal audit department has regularly carried out audits on the related party transaction.

Details of related parties transactions can be found in Notes to Financial Statement No. 26 Related parties transactions.

11. Financial Position and Operating Result

(1) Financial Statements

(a) Summary of Independent Certified Public Auditor's Report for the Past 3 Years

As for the prior year, the Dec 31, 2008 accounts are certified without any qualification by our Auditors as representing fairly, in all material respect and in accordance with generally accepted accounting principles.

(b) Consolidated Financial Summary

Three-Year Comparative Consolidated Financial Statement as for the Year Ended 31 December

BALANCE SHEET

	Unit : Thousand Baht					
	<u>2006</u>	%	<u>2007</u>	%	<u>2008</u>	%
Assets						
<u>Current Assets</u>						
Cash and cash equivalents	754,251	9.74	514,608	8.94	1,043,294	16.11
Deposit with LME brokers)	591,772	7.64	-	-	-	-
Trade accounts receivables-net						
- other parties	604,559	7.81	278,974	4.85	338,719	5.23
- related parties	29,635	0.38	25,223	0.44	-	-
Short-term loans-net	2,449	0.03	2,449	0.04	2,449	0.04
Inventories -net	3,225,596	41.67	2,199,581	38.22	1,548,438	23.91
Value Added Tax receivable	74,698	0.96	24,861	0.43	97,571	1.51
Other receivables - related parties	368	0.00	-	-	-	-
Other current assets	26,942	0.35	90,685	1.58	198,628	3.07
Total Current Assets	5,310,271	68.60	3,136,381	54.50	3,229,098	49.85
<u>Non current assets</u>						
Investments in related companies-net	17,158	0.22	132,744	2.31	212,658	3.28
Property, plant and equipment-net	2,094,206	27.05	2,019,053	35.09	2,040,919	31.51
Exploration and acquisition costs	312,001	4.03	456,612	7.94	916,865	14.16
Other non-current assets						
- deferred denvironmental rehabilitation expenses-net	-	-	-	-	34,981	0.54
- deferred denvironmental risk assurance expenses-net	-	-	-	-	30,833	0.48
- other	7,194	0.09	9,536	0.17	11,858	0.18
Total Non-Current Assets	2,430,558	31.40	2,617,944	45.50	3,248,114	50.15
Total Assets	7,740,829	100.00	5,754,324	100.00	6,477,212	100.00

BALANCE SHEET (Continued)

Unit : Thousand Baht

	<u>2006</u>	%	<u>2007</u>	%	<u>2008</u>	%
Liabilities and Shareholders' Equity						
<u>Current Liabilities</u>						
Loans from financial institutions	1,163,921	42.79	-	-	754,336	36.99
Trade accounts payable						
- Other parties	633,239	23.28	120,064	12.18	169,678	8.32
- related parties	11,433	0.42	6,151	0.62	-	-
Current portion of long-term loans	80,000	2.94	-	-	-	-
Current portion of hire purchase payable	1,920	0.07	-	-	-	-
Advance from related party	224	0.01	126,241	12.81	425,518	20.86
Accrued interest expenses						
- other parties	4,583	0.17	-	-	1,456	0.07
Accrued electricity expenses	182,156	6.70	187,125	18.98	211,016	10.35
Royalty payable	293,435	10.79	216,946	22.01	44,141	2.16
Other payables	-	-	-	-	25,836	1.27
Other current liabilities	<u>247,214</u>	<u>9.09</u>	<u>223,653</u>	<u>22.69</u>	<u>205,591</u>	<u>10.08</u>
Total Current Liabilities	<u>2,618,125</u>	<u>96.26</u>	<u>880,179</u>	<u>89.30</u>	<u>1,837,573</u>	<u>90.10</u>
<u>NonCurrent Liabilities</u>						
Provision for restoration expense	10,948	0.40	13,571	1.38	87,033	4.27
Provision for employee termination/retirement benefits	76,030	2.80	91,906	9.32	113,791	5.58
Others non-current liabilities	<u>14,706</u>	<u>0.54</u>	<u>-</u>	<u>-</u>	<u>1,112</u>	<u>0.05</u>
Total Non-Current Liabilities	<u>101,684</u>	<u>3.74</u>	<u>105,477</u>	<u>10.70</u>	<u>201,935</u>	<u>9.90</u>
Total Liabilities	<u>2,719,809</u>	<u>100.00</u>	<u>985,656</u>	<u>100.00</u>	<u>2,039,508</u>	<u>100.00</u>

BALANCE SHEET (Continued)

Unit : Thousand Baht

	<u>2006</u>	%	<u>2007</u>	%	<u>2008</u>	%
<u>Shareholders' Equity</u>						
Share capital						
Authorized share capital 226,000,000 ordinary shares of Baht 10.00 each	<u>2,260,000</u>		<u>2,260,000</u>		<u>2,260,000</u>	
Issued and paid-up share capital 226,000,000 ordinary shares of Baht 10.00 each, fully paid	2,260,000	29.20	2,260,000	39.27	2,260,000	34.89
Premium on share capital	602,414	7.78	602,414	10.47	602,414	9.30
Retained earnings (deficit)						
Appropriated - Legal reserve	125,462	1.62	171,963	2.99	186,004	2.87
Unappropriated	<u>1,985,687</u>	<u>25.65</u>	<u>1,686,899</u>	<u>29.32</u>	<u>1,307,719</u>	<u>20.19</u>
Total Company shareholders' equity	4,973,562	64.25	4,721,276	82.05	4,356,136	67.25
Minority interest	<u>47,459</u>	<u>0.61</u>	<u>47,393</u>	<u>0.82</u>	<u>81,568</u>	<u>1.26</u>
Total Shareholders' Equity	<u>5,021,021</u>	<u>64.86</u>	<u>4,768,669</u>	<u>82.87</u>	<u>4,437,704</u>	<u>68.51</u>
Total Liabilities and Shareholders' Equity	<u>7,740,829</u>	<u>100.00</u>	<u>5,754,324</u>	<u>100.00</u>	<u>6,477,212</u>	<u>100.00</u>

STATEMENTS OF INCOME

Unit : Thousand Baht

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Sales and services revenue	10,305,001	12,072,676	8,142,299
Cost of sales and services	<u>(7,621,854)</u>	<u>(10,366,252)</u>	<u>(7,307,769)</u>
Gross profit	2,683,147	1,706,424	834,530
Selling and administrative expenses	(619,276)	(564,898)	(415,443)
Royalty expenses	<u>(358,479)</u>	<u>(264,741)</u>	<u>(81,526)</u>
Profit from sales	1,705,392	876,785	337,561
Other revenues	20,591	19,212	16,860
Gain (loss) on exchange rate	67,866	79,063	(52,961)
Allowance for diminution of inventories	<u>-</u>	(23,941)	(14,797)
Directors' remuneration	<u>(15,617)</u>	<u>(14,776)</u>	<u>(1,424)</u>
Profit from operations	1,778,231	936,342	285,239
Share of loss of investment in jointly controlled entity on equity method	<u>(342)</u>	<u>(2,539)</u>	<u>(20,711)</u>
Profit before finance costs and Income tax	1,777,889	933,803	264,527
Finance costs-net	<u>(9,395)</u>	<u>(560)</u>	<u>2,940</u>
Profit before corporate income tax	1,768,494	933,243	267,468
Corporate income tax	<u>(2,390)</u>	<u>(2,936)</u>	<u>(2,579)</u>
Net profit	<u><u>1,766,103</u></u>	<u><u>930,307</u></u>	<u><u>264,889</u></u>
Attributable to:			
Equity holders of the Company	1,766,103	930,372	265,052
Minority Interests	<u>(778)</u>	<u>66</u>	<u>(163)</u>
	<u><u>1,765,325</u></u>	<u><u>930,307</u></u>	<u><u>264,889</u></u>
Earnings per share for profit attributable to the equity holders of the Company			
Basic earnings per share	<u><u>7.81</u></u>	<u><u>4.12</u></u>	<u><u>1.17</u></u>

STATEMENTS OF CASH FLOWS

Unit : Thousand Baht

	<u>2006</u>	%	<u>2007</u>	%	<u>2008</u>	%
Cash flows from operating activities						
Net profit before tax	1,765,325	(115.60)	933,243	42.74	267,468	19.43
Adjustment for:						
Depreciation expenses	333,570	(21.84)	350,543	16.06	367,932	26.73
Other assets amortization expenses	17,631	(1.15)	11,853	0.54	17,886	1.30
Interest expenses	-	-	33,562	1.54	21,986	1.60
Interest income	-	-	(33,001)	(1.51)	(24,926)	(1.81)
Share of less frlm jointly controlled entity	342	(0.02)	2,539	0.12	20,711	1.50
Allowance for doubtful debts-trade account receivable (reversal)						
- other parties	(1,048)	0.07	264	0.01	(274)	(0.02)
Allowance for slow-moving and obsolete stocks (reversal)	(3,381)	0.22	13,909	0.64	(21,065)	(1.53)
Allowance for diminution of inventories	-	-	23,941	1.10	14,797	1.07
Allowance for unrecoverable advances to suppliers	2,630	(0.17)	2,630	0.12	1,308	0.10
Provision for employee termination/retirement benefits	8,318	(0.54)	9,756	0.45	11,759	0.85
Provision for annual leave	600	(0.04)	12	0.00	2,022	0.15
Amortization of deferred gain on hire purchase	(1,531)	0.10	(1,148)	(0.05)	-	-
Loss on disposal of/write-off property, plant and equipment	(3,511)	0.23	4,529	0.21	1,442	0.10
Impairment expenses (reversal)	4,707	(0.31)	(6,506)	(0.30)	(944)	(0.07)
Exploration costs written-down	12,706	(0.83)	32,398	1.48	15,532	1.13
Property, plant and equipment written-off	2,828	(0.19)	-	-	-	-
Provision for restoration expense	(15,734)	1.03	25,883	1.19	28,334	2.06
Unrealized (gain) loss on foreign currency exchange	4,335	(0.28)	(881)	(0.04)	6,880	0.50

STATEMENTS OF CASH FLOWS

Unit : Thousand Baht

	<u>2006</u>	%	<u>2007</u>	%	<u>2008</u>	%
<u>Changes in operating assets and liabilities</u>						
Trade accounts receivable						
- other parties	(358,320)	23.46	325,706	14.92	(59,062)	(4.29)
- related parties	21,710	(1.42)	4,102	0.19	25,223	1.83
Inventories	(1,693,602)	110.90	988,164	45.26	657,411	47.76
Value Added Tax receivable	(25,432)	1.67	49,837	2.28	(72,710)	(5.28)
Other receivables - related parties	-	-	368	0.02	-	-
Other current assets	(11,062)	0.72	(64,691)	(2.96)	(79,167)	(5.75)
Other non-current assets	(1,197)	0.08	2,095	0.10	(864)	(0.06)
Trade accounts payable						
- other parties	252,180	(16.51)	(512,416)	(23.47)	48,475	3.52
- related parties	5,468	(0.36)	(5,282)	(0.24)	(6,151)	(0.45)
Advance from related parties	(2,728)	0.18	126,017	5.77	299,277	21.74
Accrued electricity expenses	21,719	(1.42)	4,969	0.23	23,892	1.74
Accrued interest expenses						
- other parties	3,396	(0.22)	-	-	-	-
Royalty payable	115,588	(7.57)	(76,490)	(3.50)	(172,805)	(12.55)
Other payable	-	-	-	-	25,836	1.88
Other current liabilities	151,908	(9.95)	(28,269)	(1.29)	(20,100)	(1.46)
Provision for restoration expense	(5,842)	672.01	(23,260)	(1.07)	(23,749)	(1.73)
Provision for employee termination/retirement benefits	-	-	(1,339)	(0.06)	(919)	(0.07)
Other non-current liabilities	(869)	0.06	(9,727)	(0.45)	1,112	0.08
Cash generated from operation	<u>(1,527,085)</u>	<u>100.00</u>	<u>2,183,310</u>	<u>100.00</u>	<u>1,376,547</u>	<u>100.00</u>
Interest paid	-		(38,144)		(20,530)	
Tax paid	-		(2,881)		(34,225)	
Net cash provided by operating activities	<u>(1,527,085)</u>		<u>2,142,284</u>		<u>1,321,792</u>	

STATEMENTS OF CASH FLOWS (Continued)

Unit : Thousand Baht

	<u>2006</u>	%	<u>2007</u>	%	<u>2008</u>	%
Cash flows from investing activities						
Cash received from interest income	-	-	33,131	(6.01)	24,519	(2.56)
Cash invested in jointly controlled entity	(17,500)	7.38	(118,125)	21.41	(100,625)	10.50
Cash paid for purchase of property, plant and equipment	(193,477)	81.58	(276,863)	50.18	(393,819)	41.09
Cash received from sales of property, plant and equipment	5,267	(2.22)	3,450	(0.63)	3,522	(0.37)
Exploration and acquisition costs (increase)	(31,449)	13.26	(181,088)	32.82	(445,950)	46.53
Cash paid for acquisition costs	-	-	(6,935)	1.26	(42,057)	4.39
Cash paid for other non-current assets	-	-	(5,275)	0.96	(4,061)	0.42
Net cash used in investing activities	<u>(237,158)</u>	<u>100.00</u>	<u>(551,705)</u>	<u>100.00</u>	<u>(958,470)</u>	<u>100.00</u>
Cash flows from financing activities						
Deposit (with LME borkers)	(489,533)	232.59	591,772	(32.45)	-	-
Proceed (payment) on loans from financial institution	999,362	(474.83)	(1,163,921)	63.83	749,702	453.36
Proceed (payment) on a short-term loan from a related party	(2,449)	1.16	-	-	-	-
Dividend payment	(247,252)	117.48	(1,169,363)	64.13	(618,673)	(374.12)
Payment on long-term borrowings	(467,500)	222.12	(80,000)	4.39	-	-
Accounts payable hire purchase payment	(3,095)	1.47	(1,920)	0.11	-	-
Proceed from issue of ordinary shares of subsidiary	-	-	-	-	34,338	20.76
Net cash used in financing activities	<u>(210,468)</u>	<u>100.00</u>	<u>(1,823,431)</u>	<u>100.00</u>	<u>165,367</u>	<u>100.00</u>
Effects from changes in exchange rate for cash and cash equivalents	<u>(1)</u>		<u>(1)</u>		<u>(3)</u>	
Net increase (decrease) in cash and cash equivalents	153,855		(232,853)		528,686	
Cash and cash equivalents at beginning of year	<u>600,396</u>		<u>747,461</u>		<u>514,608</u>	
Cash and cash equivalents at end of year	<u><u>754,251</u></u>		<u><u>514,608</u></u>		<u><u>1,043,294</u></u>	

Supplementary information for statements of cash flows

Cash paid during the year:

Interest paid	54,424	38,144	38,144
Tax paid	1,745	1,585	1,585

(c) Significant Financial Ratios for the Previous 3 Years Consolidated Financial Statements

	<u>2006</u> *	<u>2007</u>	<u>2008</u>
Liquidity Ratio			
Current Ratio (times)	2.03	3.57	1.76
Quick or Acid-test Ratio (times)	0.76	0.94	0.75
Cash Flows Liquidity Ratio (times)	0.29	1.24	0.97
Accounts Receivable Turnover (times)	22.87	25.73	25.33
Average Collection Period (days)	15.74	13.99	14.21
Inventory Turnover (times)	17.77	15.58	25.72
Average Selling Period (days)	20.26	23.10	14.00
Accounts Payable Turnover (times)	14.68	26.89	22.73
Loan Repayment Period (days)	24.52	13.39	15.84
Cash Cycle (days)	11.93	23.71	12.38
Profitability Ratio			
Gross Profit Ratio (%)	26.04	14.13	10.25
Operating Profit Ratio (%)	17.26	7.76	3.50
Other Profit Ratio (%)	(0.00)	(0.02)	(0.25)
Cash to Profitability Ratio	33.82	231.59	463.40
Net Profit Ratio (%)	16.90	7.63	3.24
Return on Shareholders' Equity (%)	41.82	19.19	5.84
Efficiency Ratio			
Return on Assets (%)	27.34	13.78	4.33
Return on Non-current Asset (%)	96.99	62.28	31.18
Return on Capital Employed (ROCE) (%)	41.85	20.02	5.92
Asset Turnover (times)	1.62	1.81	1.34
Financial Ratio			
Debt to Equity Ratio (times)	0.54	0.21	0.47
Time Interest Earned (times)	10.87	65.70	61.24
Cash Debt Coverage Ratio (times)	0.64	1.26	0.82
Dividend Payment Ratio (%)	66.57	66.47	69.92

* Reclassified

(2) Management Discussion and Analysis

Overview of Company performance in year 2008

Year 2008 was a challenging year for the Company. London Metal Exchange (LME) zinc price declined from US\$2,290 per ton at the beginning of the year to US\$1,120 per ton at the end of the year. The average zinc price for 2008 was at US\$1,875 whereas the average zinc price in 2007 was at US\$3,242, a drop of 42%. The Thai Baht appreciated against the US\$ from average of 34.69 Baht per 1 US\$ in 2007 to 33.48 Baht per 1 US\$ in 2008. The combination of falling zinc price and stronger Thai Baht resulted in the decline of 44% in the Thai baht zinc price from average of 112,465 Baht per ton in 2007 to 62,771 Baht per ton in 2008.

Despite difficult market conditions, management was able to increase production and sales while maintaining a strong focus on risk management. Zinc cathode production increased by 5% from 105,376 tons in 2007 to 110,629 tons in 2008. Sales, in term of volume, increased by 2.4% from 101,325 tons in 2007 to 103,719 tons in 2008. Transactional hedging was implemented along with receivable insurance in order to limit pricing difference and counterparty risk exposure. Mining at Mae Sod mine resumed in May 2008 after the renewal of the mining lease was approved and all regulatory permits were issued.

The consolidated net profit for the year was at 265 million Baht compared with 930 million Baht in 2007. The return on capital employed (ROCE) of the year was at 6.15%

Revenue from Sales

Despite increase in total sales volume, the Company's total turnover, due to lower zinc price, was down by 33% from 12,073 million Baht in 2007 to 8,142 million Baht in 2008.

The slowdown in local market in the last quarter of 2008 offset the increase in market activities earlier in the year, resulting in a decline of 2% for local sales volume for the year. The company was able to export products to neighbouring countries and the trader market resulting in an increase of 29% for export sales volume.

Profitability

Even though zinc price in baht term decreased by 44%, the gross profit margin decreased by 27.5%, from 14.13% in 2007 to 10.25% in 2008. Successful efforts were made in operating the smelter at full capacity, ramping up mine production after the renewal of mining lease and sourcing sufficient raw material feed to meet input requirements.

With lower zinc price, gross profit decreased from 1,706 million Baht to 834.5 million Baht. Selling and administration expenses were lowered by 150 million Baht. This reflects mainly plant expenses allocating to cost of production and lower employees remuneration. In 2008, capitalized exploration expenses were written down by 16 million Baht.

Royalty expenses was lowered by 183 million Baht from 265 million Baht in 2007 to 82 million Baht in 2008 due to lower zinc price and normalised royalty term under the new mining lease compared with the previous one.

After deducting share of loss on investment in Maesod Clean Energy Company Limited of 20.7 million Baht, financing net gain of 2.9 million Baht and income tax of 2.5 million Baht, the consolidated net profit for year 2008 amounted to 265 million Baht or 1.17 Baht per share.

Balance Sheet

Assets and Liabilities

The consolidated assets amounted to 6,477 million Baht. Beside the cash balance and changes in working current asset, there were higher capitalized exploration costs by the Company and its subsidiaries; Puthep Company Limited., Padaeng Industry (Laos) Company Limited and additional investment in jointly controlled entity.

The increase in capitalized exploration expenses of Puthep Co., Ltd. was in the frame of the feasibility study for copper resources. The costs were fully financed through PNA (Puthep) Pty Ltd. under the Participation Agreement signed between Padaeng Industry Pcl. and PanAust Limited. The capitalized exploration expenses by Padaeng Industry (Laos) Co., Ltd. were for their exploration in the Kasi district of northern Vientiane province. As at 31 December 2008, cumulated capitalized exploration expenses of Padaeng Industry Pcl., Puthep Co., Ltd. and Padaeng Industry (Laos) Co., Ltd. amounted to 106 million Baht, 718 million Baht and 8 million Baht respectively.

In 2008, the Company invested 100.6 million Baht for additional capital increases in Maesod Clean Energy Company Limited, the ethanol production project jointly launched by Padaeng Industry, the MP Energy Company Limited and Thai Oil Public Company Limited.

Under the new Mae Sod mining lease, there are commitments to establish Rehabilitation Fund and Environmental Risk Fund, the Company, therefore, charged in the assets the deferred environment rehabilitation expenses and the deferred environment risk assurance expenses and charged in the liabilities the provisions for environment rehabilitation expenses and environment risk assurance expenses amounted to 69 million Baht.

Total liabilities ended at 2,040 million Baht. Beside working capital loan of 754 million Baht, the Company at end of 2008 has neither other short term nor long term loan outstanding. Advances from PNA (Puthep) Pty Ltd. increased from 126 million Baht to 425 million Baht to provide funding for activities in Puthep Co., Ltd.

Shareholder's Equity

Appropriated legal reserve increased by 14 million Baht to 186 million Baht. Unappropriated retained earnings ended at 1,308 million Baht. Dividend of 619 million Baht was paid in May 2008. At end of 2008, total shareholder's equity amounted to 4,356 million Baht and book value per share stood at 19.27 Baht per share.

Cash Flow and Capital Expenditure

The net cash provided by operating activities in year 2008 was at 1,322 million Baht down from 2,142 million Baht in year 2007.

Investment in plant and equipment amounted to 394 million Baht, cash used in exploration (including Puthep Co., Ltd. and Padaeng Industry (Laos) Co., Ltd.) amounted to 446 million Baht, cash paid for up-front fees in renewal of Mae Sod mining lease and new waste dump was at 16 million Baht and 26 million Baht respectively. The Company also invested an additional 100.6 million Baht in Maesod Clean Energy Co., Ltd.

Total cash used in investing activities was at 958 million Baht. After dividend payment of 619 million Baht and financing increase of 749 million Baht, the net increased in cash and cash equivalents was 529 million Baht.

Development in related companies

Maesod Clean Energy Co., Ltd. was set up in 2006 for the production of ethanol with a daily production capacity of 200,000 litres. As at 31 December 2008, the Company's 35% share in the equity amounted to 236 million Baht. Production start-up is expected to be in the first quarter of 2009.

In Puthep Co., Ltd., the drilling programme for year 2008 was completed in October 2008, it is preparing to carry out feasibility study and environmental impact assessment.

The 55% owned subsidiary, Sila Enterprise Co., Ltd., terminated its commercial activities since mid of October 2007. The subsidiary is currently in the liquidation process.

(3) Auditor's Fee

1. Audit Fee

The Company and its subsidiaries has paid audit fees to audit companies, individual auditors or other businesses relating to the auditors and auditing companies during the previous fiscal year totaling 4,100,000 Baht.

2. Non-Audit Fee

The Company and its subsidiaries has paid non-audit fees for legal and tax related services, to audit companies, individual auditors or other businesses relating to the auditors and auditing companies during the previous fiscal year totaling 315,000 Baht. An additional non-audit fee will be paid in the future for services previously agreed upon but not yet provided totaling 240,000 Baht.

12. Other Related Information

- None -

PART 2

CERTIFICATION OF INFORMATION ACCURACY

“The Company has examined this Disclosure of Annual Information Form with prudence. The Company would certify that such information is accurate, complete, without fraud, not misleading, or is not lacking any pertinent information that should be disclosed. The Company further certifies that:

(1) The financial statements and the financial data that is summarized in the Disclosure of Annual Information Form is accurate and complete in all important details relating to finance, operating performance and cash flow of the Company and its subsidiaries.

(2) The Company is responsible for the disclosure of Company information and ensuring that all essential information of the Company and its subsidiaries is disclosed in an accurate and complete manner,

(3) The Company is responsible for establishing internal controls and ensuring that the system of internal controls is carried out. The Company submitted our evaluation of the internal controls system, as of 16 February 2009, to the auditor and the Company’s Audit Committee. The evaluation includes errors and important changes in the internal controls system, as well as illegal actions which may affect the preparation of financial data of the Company and its subsidiaries.

In order to provide evidence that all of the pages that the Company certifies are true and correct copies belonging to the same set, the Company assigns Mr. Surin Tanticharoenkiat to initial every page of this document. Any page that does not contain the initial of Mr. Surin Tanticharoenkiat is not regarded as the information that the Company certify as the true and correct copy.

<u>Name</u>	<u>Position</u>	<u>Signature</u>
1. Mr. André R. van der Heyden	Managing Director	_____
2. Mr. Vinij Ongnegnun	Deputy Managing Director	_____

Authorized Person

<u>Name</u>	<u>Position</u>	<u>Signature</u>
Mr. Surin Tanticharoenkiat	Company Secretary	_____”

Appendix 1 : Information on the Management and Executives

1. Information on the Management and Executives

Name - Last Name / Position	Aged (Years)	Educational Background	% of Shareholding	Family Relation among the Managers	Working Experiences over the Past 5 Years		
					Period	Position	Name of Organization or Company/Type of Business
1. Mr. Arsa Sarasin Chairman	72	B.A. (Business Administration), Boston University, U.S.A. <u>Training</u> Thai Institute of Directors Association - Director Accreditation Program (DAP) - Audit Committee Program (ACP)	-	-	1998 - Present	Chairman	Padaeng Industry Public Co., Ltd. Type of Business : Mining
					2003 - Present	Director	Thai Pure Drink Company Limited Type of Business : Beverage
					2001 - Present	Director and Member of the Governance and Nomination Committee	The Siam Cement Public Company Limited Type of Business : Industry
					2000 - Present	Independent Director and Audit Committee Member	Charoen Pokphand Foods Public Company Limited Type of Business : Agribusiness
					1998 - Present	Honorary Chairman	The Foundation for International Human Resource Development
					1998 - Present	Director	Thai Tapioca Development Institute
					1996 - Present	Chairman	Amata City Company Limited Type of Business : Property Development
					1994 - Present	Chairman	Siam Makro Public Co., Ltd. Type of Business : Commerce
					1993 - Present	Chairman	Thai Asia Pacific Brewery Co., Ltd. Type of Business : Beverage
					1994 - 2004	Chairman	Thai-Laos Association
					1992 - 1998	Chief Executive Officer	Padaeng Industry Public Co., Ltd. Type of Business : Mining
					1991 - 1992	Minister of Foreign Affairs	Ministry of Foreign Affairs Type of Business : Government Agency
1982 - 1986	Permanent Secretary	Ministry of Foreign Affairs Type of Business : Government Agency					

Name - Last Name / Position	Aged (Years)	Educational Background	% of Shareholding	Family Relation among the Managers	Working Experiences over the Past 5 Years		
					Period	Position	Name of Organization or Company/Type of Business
2. Mr. Paron Israsena Independent Director Audit Committee Member The Nomination and Remuneration Committee Chairman	81	Master of Science (M.E.), Massachusetts Institute of Technology (MIT), U.S.A. <u>Training</u> - The Board's Role Insetting Effective Compensation Policy, Thai Institute of Directors Association - The Audit committee... The Expectation Increase and The Responsibility Expansion, The Stock Exchange of Thailand - Director Accreditation Program (DAP) 4/2003, The Stock Exchange of Thailand and Thai Institute of Directors Association	-	-	2004 - Present	Chairman	The Basic Education Committee Type of Business : Government Agency
					2001 - Present	Member and Chairman of Audit Committee	The Thai Red Cross Society
					2003 - Present	Director	The National Science&Technology Development Board
					1972 - Present	Member	Thailand Industrial Standard Institute, Ministry of Industry Type of Business : Government Agency
					2007 - Present	High Caliber Director	Council of Chulalongkorn University Type of Business : Education
					1994 - Present	Member	Council of Chiang Mai University Type of Business : Education
					1994 - Present	Director & Chairman of the Audit Committee	Summakorn Public Company Limited Type of Business : Property Development
					1997 - Present	High Caliber Director	The National Economics and Social Development Board Type of Business : Government Agency
					1993-Present	Chairman	Thaicom Public Company Limited Type of Business : Telecommunication to Satellite
					2003 - 2007	High Caliber Director	The Education Council Type of Business : Government Agency
					1992 - 2007	Director and Audit Committee Member	Siam Cement Public Co., Ltd. Type of Business : Industry
					2002 - 2006	Director	National Competitiveness Development Board Type of Business : Government Agency
					1995 - 2005	High Caliber Director	Thailand Productivity Institute Type of Business : Independent Organization
1992 - 1996	Chairman	Committee on Economics&Industry of the Senate Type of Business : Government Agency					

Name - Last Name / Position	Aged (Years)	Educational Background	% of Shareholding	Family Relation among the Managers	Working Experiences over the Past 5 Years		
					Period	Position	Name of Organization or Company/Type of Business
2. Mr. Paron Israsena (cont.)					1987 - 1999	Senator and Member of National Legislative Assembly	Naitonal Legislative Assembly
					1986 - 1989	Chairman	The Federation of Thai Industries Type of Business : Independent Organization
					1987 - 1995	President	Siam Cement Public Co., Ltd. Type of Business : Industry
3. Mr. Vinai Vamvanij Independent Director Audit Committee Chairman Strategic Committee Member	68	Professional Accounting Certificate, CPA, Australia Training at Thai Institute of Directors Association - Chartered Director class 1/2007 - Audit Committee Program 2007 - DCP Refresher Course 2005 - Directors Certification Program 2001 - Chairman 2000 - Create a Strategic Direction	0.0035	-	2006 - Present	Director	Palang Sophon Two Co., Ltd. Type of Business : Energy&Utilities
					2001 - Present	Independent Director and Audit Committee	Christiani & Nielsen (Thai) Public Co. Ltd. Type of Business : Construction
					2000 - Present	Director	Continental Petrochemical (Thailand) Co. Ltd. Type of Business : Petrochemical
					2000 - 2002	Executive Director	Thonburi Automotive Assembly Plant Co., Ltd. Type of Business : Automotive Industry
					1997 - 2000	President	Eternal Petrochemical Co., Ltd. Type of Business : Petrochemical
					1989 - 1997	Chief Executive Officer	Aquastar Group Type of Business : Fully integrated shrimp farming Project

Name - Last Name / Position	Aged (Years)	Educational Background	% of Shareholding	Family Relation among the Managers	Working Experiences over the Past 5 Years		
					Period	Position	Name of Organization or Company/Type of Business
4. Mr. Aswin Kongsiri Independent Director Audit Committee Member The Nomination and Remuneration Committee Member	63	Bachelor's Degree (Honours) in Philosophy, Politics and Economics, Oxford University, English Bahnnf School of Advanced Management, Alberta, Canada The National Defence Course for the Joint State-Private Sectors, Class 6, National Defence College Thai Institute of Directors (IOD) - Directors Certification Program, Class 11/2001 - Chairman 2000, Class 5/2001	-	-	2008-Present	Chairman	Ton Poh Emerging Thailand Fund
					2005-Present	Director and Executive Director	Krung Thai Bank Public Co., Ltd. Type of Business : Banking
					2005-Present	Director, Chairman of Risk Management Committee and Chairman of Nominating Committee	Bamgkok Aviation Fuel Services Public Co., Ltd. Type of Business : Energy and Utilities
					2001 - Present	Director and Remunerantion and Nomination Committee	Electricity Generating Public Company Limited Type of Business : Energy and Utilities
					1999-Present	Director and Chairman of Audit Committee	The OHTL Public Co., Ltd. (the Mandarin Oriental Bangkok) Type of Business : Hotel
					1994-Present	Chairman (since Oct. 2007) Director (1994-Oct. 2007)	Ch. Karnchang Public Company Limited Type of Business : Property Development
					1993-Present	Director, Audit committee and Nominating Committee	Thai Reinsurance Public Co., Ltd. Type of Business : Insurance
					2006 - 2008	Assembly Member	Naitonal Legislative Assembly
					2003 - 2007	Director and Audit Committee Member	Thai Rating and Information Service Co., Ltd. (TRIS) Type of Business : Rating Agency
					1999 - 2003	Director and Executive Director	Siam Commercial Bank Public Co., Ltd. Type of Business : Commercial Bank
					1975 - 1998	President	The Industrial Finance Corporation of Thailand Type of Business : Fiancial Institutions
					1975 - 1998	President	The Industrial Finance Corporation of Thailand Type of Business : Fiancial Institutions

Name - Last Name / Position	Aged (Years)	Educational Background	% of Shareholding	Family Relation among the Managers	Working Experiences over the Past 5 Years		
					Period	Position	Name of Organization or Company/Type of Business
5 Mrs. Sirinuj Bisonyabut Director	59	MBA, Thammasart University	-	-	2008 - Present	Director-General	Ministry of Finance
		B.Sc., Chulalongkorn University				Department of Excise	Type of Business : Government Agency
		Certificate of Senior Executive of Office of The Civil Service Committee (Class 28)			2008 - Present	Director	TOT Public Company Limited
		Certificate of National Defense College (Class 44)				Chairman of Liquidation Committee	Asset Management Corporation (AMC)
		Certificate of King Prajadhipok's Institute (Class 3)			2007 - Present	Chief of Inspector	Ministry of Finance
		Training at Thai Institute of Director Association					Ministry of Finance
		- Directors Certification Program, Class 56/2005			2007 - 2008	Director	Ministry of Finance
		- Audit Committee Program, Class 16/2007			2007 - 2008	Inspector	Ministry of Finance
					2006 - 2008	Director	Ministry of Finance
					2006 - 2008	Director	The Government Pharmaceutical Organization
	2004 - 2007	Inspector	Ministry of Finance				
	2006 - 2007	Director	Ministry of Finance				
	2006 - 2007	Director	The Sports Authority of Thailand				
	2006 - 2007	Director	The Sports Authority of Thailand				
	2006 - 2007	Director	Type of Business : State Enterprise				
	2003 - 2006	Board of CAT Telecom Plc.	CAT Telecom Public Company Limited				
	2003 - 2006	Board of CAT Telecom Plc.	CAT Telecom Public Company Limited				
	2003 - 2006	Board of CAT Telecom Plc.	Type of Business : Telecommunication				
	2001 - 2004	Deputy Director-General	Excise Department				
	2001 - 2004	Deputy Director-General	Excise Department				
	2001 - 2004	Deputy Director-General	Type of Business : Government Agency				
6. Mr. Pinit Vongmasa Director The Nomination and Remuneration Committee Member	64	B.Eng. (Electrical Engineering), Chulalongkorn University	-	-	2006 - Present	Director	Padaeng Industry Public Co., Ltd.
		M.S. (Ind. Mgt.), Oklahoma State University, U.S.A.				Chief Executive Officer	Padaeng Industry Public Co., Ltd.
		AMP, Havard University, U.S.A.			2000 - 2006	Chief Executive Officer and President	Padaeng Industry Public Co., Ltd.
		Senior Management Conference, The Whorton School of Business, University of Pennsylvania				President	Padaeng Industry Public Co., Ltd.
					1999 - 2000	Chief Executive Officer and President	Padaeng Industry Public Co., Ltd.
	1995 - 1999	President	The Siam Kubota Industry Co., Ltd.				
	1995 - 1999	President	The Siam Kubota Industry Co., Ltd.				
	1995 - 1999	President	Type of Business : Mining				
	1995 - 1999	President	Type of Business : Mining				
	1995 - 1999	President	Type of Business : Industry				

Name - Last Name / Position	Aged (Years)	Educational Background	% of Shareholding	Family Relation among the Managers	Working Experiences over the Past 5 Years		
					Period	Position	Name of Organization or Company/Type of Business
6. Mr. Pinit Vongmasa (cont.)		<u>Training</u> - Directors Certification Program 2001, Thai Institute of Directors Association			1990 - 1994	Managing Director	CPAC Concrete Product Co., Ltd. Type of Business : Industry
					1990 - 1994	Director	Tip Fibre Cement Co., Ltd. Type of Business : Industry
					1996 - 1999	Director	The Sichuan Cementthai Machinery Co., Ltd., China Type of Business : Industry
					1990 - 1994	Director	Siam Navaloha Foundry Co., Ltd. Thai Engineering Product Co., Ltd. Type of Business : Industry
7. Mr. Thanin Serngadichavit Director (Until 23 April 2008)	57	Bachelor of Science in Accounting (Honors), Thammasat University Master of Science in Accounting, Thammasat University Certified Public Accountant (CPA) <u>Training</u> Directors Certification Program, Class 15/2002, Thai Institute of Directors Association Pacific Rim Banker's Program at University of Washington, U.S.A. Mini-MBA Program, Thammasat University	-	-	2000 - Present	Senior Vice President	Bangkok Bank Public Company Limited Type of Business : Bank
					1999 - Present	Department Manager, Executive Chairman Department	Bangkok Bank Public Company Limited Type of Business : Bank
					1999 - Present	Secretary to the Executive Board of Directors	Bangkok Bank Public Company Limited Type of Business : Bank
					1996 - Present	Deputy Department Manager, Business Investment Dep.	Bangkok Bank Public Company Limited Type of Business : Bank
					2006 - Present	Audit Director of Thai Toray Textile Mill Plc.	Thai Toray Textile Mill Plc. Type of Business : Textile
					1998	Assistant Secretary to the Executive Board of Directors	Bangkok Bank Public Company Limited Type of Business : Bank
					1994-2000	Vice President	Bangkok Bank Public Company Limited Type of Business : Bank

Name - Last Name / Position	Aged (Years)	Educational Background	% of Shareholding	Family Relation among the Managers	Working Experiences over the Past 5 Years		
					Period	Position	Name of Organization or Company/Type of Business
8. Mr. Karel Vinck Independent Director (Until 31 March 2008 and to be appointed as Independent Director on 23 April 2008)	70	Master's Degree in Electrical and Mechanical Engineering, Katholieke Universiteit Leuven (KUL), Belgium Master of Business Administration, Cornell University, U.S.A.	-	-	2008 - Present	Chairman	BAM (Antwerp Mobility Program)
					2006 - Present	Director with several international corporations	Tractebel.Suez, Tessenlo, Eurostar Type of Business : Transportation & Industry
					2006 - Present	Coordinator European Union ERTMS	Railway transport Type of Business : Transportation
					2005 - 2008	Chairman	Cumerio, Belgium Type of Business : Metals & Materials
					2002 - 2005	Chief Executive Officer	NMBS/SNCB Type of Business : Belgian Railways
					2000 - 2002	Chairman	Advanced Minerals Asia, Singapore Type of Business : Mining
					1995 - 2000	Chief Executive Officer	Umicore, Belgium Type of Business : Metals & Materials
					2003 - Present	Executive Vice President	Umicore, Belgium Type of Business : Metals & Materials
9. Mr. Martin G. Hess Director Strategic Committee Member The Nomination and Remuneration Committee Member (Until 4 April 2008)	56	1972 matriculated September 1972 jointed Degussa AG - Industrial Merchant	-	-	2001 - 2003	Senior Global VP and GM	Automotive Catalysts, OMG Type of Business : Industry
					2000 - 2001	Executive Vice-President	Automotive Catalysts Division, dmc- AG,Hanoi Type of Business : Industry
					Previous	extensive international work experience in various countries and functions	

Name - Last Name / Position	Aged (Years)	Educational Background	% of Shareholding	Family Relation among the Managers	Working Experiences over the Past 5 Years		
					Period	Position	Name of Organization or Company/Type of Business
10. Mr. Ahmad Bin Fahad Director The Nomination and Remuneration Committee Member (Since 16 April 2008)	38	B. Sc. In International Management, Boston University, U.S.A. Master of Science in Finance, Boston University, U.S.A.	-	-	Present	Chief Executive Officer	Istithmar World Ventures LLC Type of Business : Investment firm
					Over 15 years	Merges and Acquisitions and Investment Bankings Senior Position	Millennium Investment Bankings Type of Business : Banking
						Chief Investment Officer	Etisalat International Investment Type of Business : Telecommunication
					Over 8 years	A Private Equity Fund in U.S.A. (New York)	
11. Mr. Linley Davidson Director (During 23 Apr.-10 Nov. 08)	37	Master's Degree in International Studies, Faculty of Economics, University of Sydney, Australia Bachelor of Economics, Faculty of Economics, University of Sydney' Australia	-	-	2006 - 2008	Director	Istithmar World Ventures LLC Type of Business : Investment firm
					2001 - 2004	Deputy General Manager	Shinsei Bank, Japan Type of Business : Bank
					1995 - 2001	Senior Manager	Westpac Banking Corporation, Australia Type of Business : Bank
12 Mr. Madhu Konenu Director Stretegic Committee Member (Since 23 April 2008)	34	MBA in Marketing, New Hampshire University, U.S.A. Bachalor Degree in Commerce, Delhi University, India	-	-	Present	Managing Director	RAK Minerals & Metals Investments FZ-LLC Type of Business : Mineral & Metals
					Present	Executive Director	TRIMEX International FZE Type of Business : Industrial Minerals
					Present	Advisor	Ras Al Khaimah Investment Authority, International Mining Opportunities Type of Business : Mining
					Past	Director	Al Ghanem Industrial Company Type of Business : Industrial company
					Past	Managing Director	TJ Shipping and Logistics Type of Business : Shipping and Logistics

Name - Last Name / Position	Aged (Years)	Educational Background	% of Shareholding	Family Relation among the Managers	Working Experiences over the Past 5 Years		
					Period	Position	Name of Organization or Company/Type of Business
13 Dr. Pablo Fetter Director (Since 11 November 2008)	41	Ph.D. in the Field of Computer Science, Technical University, Berlin, Germany Diploma in Engineering	-	-	2008- Present	Investment Director	Istithmar World Ventures LLC Type of Business : Investment firm
					2003 - 2008	Managing Director	Neuhaus Partners, Germany Type of Business : Computer
					2000 - 2003	Investment Manager	Neuhaus Partners, Germany Type of Business : Computer
14. Mr. Bernard Tonnon Director Managing Director Strategic Committee Member (Until 4 April 2008)	50	Master's Degree in Mining Engineering, Brussels University, Belgium <u>Training</u> Directors Certification Program, Class 57/2005,Thai Institute of Directors Association	-	-	2004 - 2008	Managing Director	Padaeng Industry Public Co., Ltd. Type of Business : Mining
					2001 - 2004	Business Line Manager Director of Umicore subsidiaries in Norway, Malaysia, China and Australia	Umicore, Belgium Type of Business : Metals & Materials
					1997 - 2001	Head of Activity Zn Wire&Dust	Umicore, Belgium Type of Business : Metals & Materials
15 Mr. André R. van der Heyden Director Managing Director Strategic Committee Member (Since 4 April 2008)	61	Master's Degree in Metallurgical Engineering, Universite Catholique de Louvain (UCL), Belgium	-	-	2008-Present	Managing Director	Padaeng Industry Public Company Limited Type of Business : Mining
					2004 - 2008	Director	Mali Mining&Metallurgy Pte. Ltd., Singapore Type of Business : Mining
					2000 - 2004	Managing Director	Padaeng Industry Public Company Limited, Thailand Type of Business : Mining
					1995 - 2000	Senior Vice President - Zinc	Union Miniere, Belgium Type of Business : Metals & Materials
					Past	Executive Vice President	Carolmet Inc, U.S.A.

Name - Last Name / Position	Aged (Years)	Educational Background	% of Shareholding	Family Relation among the Managers	Working Experiences over the Past 5 Years							
					Period	Position	Name of Organization or Company/Type of Business					
16 Mr. Vinij Ongnegnun Director (Executive Director) Deputy Managing Director Strategic Committee Member	59	Bachelor Degree in Mechanical Engineering, Chulalongkorn University Certificate : Five-year Course in Pulp and Paper Management, University of Maine, USA <u>Training</u> Strategic Marketing Management, Harvard University, USA Leading Change and Innovation, University of Chicago, USA Directors Accreditation Program (DAP), Thai Institute of Director Association Directors Certification Program (DCP 58/2005) Thai Institute of Director Association <u>Professional License</u> Chartered Engineer, Mechanical Engineering, Council of Engineers (กจ. 567)	-	-	2006-Present	Deputy Managing Director	Padaneg Industry Public Company Limited Type of Business : Mining					
					2003-2005	Managing Director	Siam Kraft Industry Co., Ltd./Thai Kraft Paper Industry Co., Ltd. and Thai Union Paper Industry Co., Ltd.					
						Audit Director	United Pulp and Paper Industry Co., Ltd.					
						Executive Director	Thai Cane Paper Public Co.,Ltd.					
						Director	The Federation of Thai Industries Type of Business : Independent Organization					
					2002	Vice President	The Thai Pulp and Paper Industries Association Type of Business : Independent Organization					
						Director	Phoenix Plup and Paper Public Company Limited Type of Business : Industrials/Paper & Printing Materials					
					2001	Managing Director	Thai Paper Co., Ltd./ Siam Cellulose Co., Ltd. and Thai Union Paper Public Co., Ltd. Type of Business : Industrials/Paper & Printing Materials					
					17. Mr. Chaiyan Roojanawate Chief Manufacturing Officer	59	Bachelor of Engineering (Mechanical) Faculty of Engineering, Chulalongkorn University	-	-	2008 - Present	Chief Manufacturing Officer	Padaeng Industry Public Co., Ltd. Type of Business : Mining
										1997 - 2008	Senior Vice President - Zinc Plant Operations	Padaeng Industry Public Co., Ltd. Type of Business : Mining

Name - Last Name / Position	Aged (Years)	Educational Background	% of Shareholding	Family Relation among the Managers	Working Experiences over the Past 5 Years		
					Period	Position	Name of Organization or Company/Type of Business
18 Mr. Waykin Utharntharm Chief Financial Officer (Since 13 August 2008)	47	Bachelor Degree in Economics, Faculty of Economics, Sydney University, Australia	-	-	2008 - Present	Chief Financial Officer	Padaeng Industry Public Co., Ltd. Type of Business : Mining
					2003 - 2008	Director	Mali Mining&Metallurgy Pte. Ltd. Type of Business : Mining
					2001 - 2003	Senior Vice President - Procurement	Padaeng Industry Public Company Limited Type of Business : Mining
19. Dr. Kitisil Kalayanakoul Senior Vice President- Calcine Plant (Until 31 December 2008)	59	Ph.D. in Machine Tools, Minor - Manufacturing and Industrial Engineering, Mechanical Engineering Faculty, Technical University, Munich, Germany	-	-	1997 - 2551	Senior Vice President - Calcine Plant	Padaeng Industry Public Co., Ltd. Type of Business : Mining
20. Mr. Somluck Toonkumtornchai Senior Vice President - Marketing	49	BBA in Marketing, Faculty of Business Administration, Assumption University	-	-	1998 - Present	Senior Vice President, Marketing	Padaeng Industry Public Co., Ltd. Type of Business : Mining
					1996 - 1998	Senior Director, Trading	Padaeng Industry Public Co., Ltd. Type of Business : Mining
21 Mr. Philippe Salmon Senior Vice President - Finance & Accounting (Until 16 May 2008)	51	Bachelor of Sciences, Commercial and Finance, HEC, Liege, Belgium	-	-	2003 - 2008	Senior Vice President- Finance & Accounting	Padaeng Industry Public Co., Ltd. Type of Business : Mining
					2002 - 2003	Senior Vice President- Controller	Padaeng Industry Public Co., Ltd. Type of Business : Mining
					1999 - 2002	M & A Manager-Asia/Pacific	Umicore, Belgium Type of Business : Metals & Materials
					1998 - 2002	C.F.O. - Asia/Pacific	Umicore Marketing Service (H.K) Ltd. Type of Business : Distrubution & Trading

2. Directors and Management in Subsidiary, Affiliated, Related and Other Companies

Executive's Name	Padaeng Industry PCL	Subsidiary Companies						Affiliated Company	Other Companies		
		1 Padaeng Properties Co., Ltd.	2 Puthep Co., Ltd.	3 Padaeng Industry (Laos) Co., Ltd.	4 Padaeng International Mining Co., Ltd.	5 Padaeng Poongsan Metals Co., Ltd.	6 Sila Enterprise Co.,Ltd.	1 Maesod Clean Energy Co., Ltd.	1 Millennium Gold Corporation Co., Ltd.	2 ASEAN Potash Holding Co., Ltd.	3 South East Asia Metals Co., Ltd
1. Mr. Arsa Sarasin	X	X		X	X	X		X			
2. Mr. Paron Israsena	// - /// - V										
3. Mr. Vinai Vamvanij	// - /// - IV										
4. Mr. Aswin Kongsiri	// - /// - V										
5. Mrs. Sirinuj Bisonyabut	/										
6. Mr. Pinit Vongmasa	/										
7. Mr. Karel Vinck	//										
8. Mr. Mhmad Bin Fahad	/ - V										
9 Mr. Madhu Koneru	/ - IV										
10 Mr. Pablo Fetter	/										
11. Mr. André R van der Heyden	/ - IV		/	/				/			
12 Mr. Vinij Ongnegnun	/ - IV	/			X			/			X
13 Mr. Chaiyan Roojanawate											
14 Mr. Waykin Utharntharm			/								
15 Dr. Kitisil Kalayanakoul		/									
16 Mr. Somluck Toonkumtornchai						/	/				/
17 Mr. Siam Dawmanee			/								/

Note : X = Chairman / = Director // = Independent Director /// = Audit Committee //// = Strategic Committee

V = Nomination and Remuneration Committee

Appendix 2 : Detail of the Subsidiaries' Directors

Directors	Subsidiary Companies					
	1 Padaeng Properties Co., Ltd.	2 Puthep Co., Ltd.	3 Padaeng Industry (Laos) Co., Ltd.	4 Padaeng International Mining Co., Ltd.	5 Padaeng Poongsan Metals Co., Ltd.	6 Sila Enterprise Co., Ltd.
1 Mr. Arsa Sarasin	X		X	X	X	
2 Mr. André R van der Heyden		/	/			
3 Mr. Vinij Ongnegnun	/			X		
4 Mr. Chaiyan Roojanawate						
5 Mr. Waykin Utharntharm		/				
6 Dr. Kitisil Kalayanakoul	/					
7 Mr. Somluck Toonkumtornchai					/	/
8 Mr. Tianchai Singhakarn			/			X
9 Mr. Chitchai Thaveepanich	/				/	/
10 Dr. Surin Tanticharoenkiat				/		/
11 Mr. Chaya Hussadisevee			/	/		/
12 Mr. Unnop Tungkananukulchai		/				
13 Mr. Siam Dowmanee						
14 Mr. Yongyuth Tariyo					/	
15 Mr. Robert Ripley Allan Jr.		/				
16 Mr. Gary Stafford		/				

Note : X = Chairman / = Director

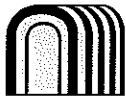
Appendix 2 : Directors of Subsidiary Companies (Continued)

Subsidiary Companies	1	2	3	4	5	6
Directors	Padaeng Properties Co., Ltd.	Puthep Co., Ltd.	Padaeng Industry (Laos) Co., Ltd.	Padaeng International Mining Co., Ltd.	Padaeng Poongsan Metals Co., Ltd.	Sila Enterprise Co., Ltd.
17 Mr. Biang Min Suh					/	
18 Mr. Jin Ryu					/	
19 Mr. Vanich Wongthanasarasin						/
20 Mr. Somchit Limluecha						/
21 Mr. Niyom Wairachpanich						/
22 Mr. Suchart Treeratanawatana						/
23 Mr. Viroj Mavichak						
24 Mr. Somkeirt Hudthagosol						
25 Mr. Sukrit Surabotsopon						
26 Mr. Isara Vongkusolkrit						
27 Mr. Krisda Monthienvichienchai						
28 Mr. Tat Wanakornkul						

Note : X = Chairman / = Director

Appendix 3: Other

- 3.1 Audit Committee Statement
- 3.2 Padaeng's Certificate of Registration



Audit Committee's Statement

Dear Shareholders,

The Audit Committee comprises three independent directors, Mr. Vinai Vamvanij as Chairman, Mr. Aswin Kongsiri, and Mr. Paron Israsena.

In 2008, the Audit Committee has met quarterly with the external auditor, the internal auditor and the management to review the consolidated and company financial statements to ensure conformity with the regulations of SEC, SET and with the generally accepted accounting principles of Thailand before submission to the Board. There is also one additional meeting with the external auditor without management. The Audit Committee has discussed with the internal auditor and the management to assess the company's internal control and risk management. In this respect, the Audit Committee is of the opinion that the company's operations have been appropriate and has found no significant weaknesses in its conduct of business.

For year 2009 the company will continue striving for improvement of the internal control system with the aim to cut down redundant work procedure, to boost efficiency and to identify weaknesses in the system and implementation of solution to eliminate them.

The Audit Committee has recommended to the Board of Directors to propose to the shareholders to reappoint Certified Public Accountants of Pricewaterhouse-Coopers ABAS Ltd. to conduct the audit of financial statements for the company and its subsidiaries for the year 2009.

(Mr. Vinai Vamvanij)
Chairman of the Audit Committee
27 February 2009



ที่ สจก.002092

กรมพัฒนาธุรกิจการค้า กระทรวงพาณิชย์

หนังสือรับรอง

ขอรับรองว่าบริษัทนี้ ได้จดทะเบียน เป็นนิติบุคคลตามกฎหมายว่าด้วยบริษัทมหาชนจำกัด เมื่อวันที่ 4 กุมภาพันธ์ 2537 ทะเบียนเลขที่ 0107537000467 (เดิมเลขที่ บมจ.293) ปรากฏข้อความในรายการตามเอกสารทะเบียน ณ วันออกหนังสือนี้ ดังนี้

1. ชื่อบริษัท บริษัท ผาแดงอินดัสทรี จำกัด (มหาชน)

2. กรรมการของบริษัทมี 12 คน ตามรายชื่อดังต่อไปนี้

1.นายอาสา สารสิน

2.นายพินิต วงศ์มาตา

3.นายวินัย วามวาณิชย์

4.นายพารณ อิศรเสนา ณ อยุธยา

5.นายอัศวิน คงสิริ

6.นางสิรินช พิศลยมุตร

7.นายวิจิตร องค์เนกนันต์

8.นายอังเดร์ วัน แตร์ เอเดน

9.นายอาหมัด บิน ฟาฮัด

10.นายมาตุ โคเนรู

11.นายคาเรล วินค์

12.นายพาโบล เฟตเตอร์/

3. ชื่อและจำนวนกรรมการซึ่งมีอำนาจลงลายมือชื่อแทนบริษัทคือ นายอาสา สารสิน นายอังเดร์ วัน แตร์ เอเดน และนายวิจิตร องค์เนกนันต์ สองในสามคนลงลายมือชื่อร่วมกัน และประทับตราสำคัญของบริษัท/

4. ทุน จดทะเบียน 2,260,000,000.00 บาท /

(สองพันสองร้อยหกสิบล้านบาทถ้วน)

ทุนชำระแล้วเป็นเงิน 2,260,000,000.00 บาท /

(สองพันสองร้อยหกสิบล้านบาทถ้วน)

5. สำนักงานใหญ่ ตั้งอยู่เลขที่ 191/18-25 อาคารซีทีไอ ทาวเวอร์ ชั้น 26-27 ถนนรัชดาภิเษก แขวงคลองเตย เขตคลองเตย กรุงเทพมหานคร/

6. วัตถุประสงค์ของบริษัทมหาชน จำกัดมี 28 ข้อ ดังปรากฏในสำเนาเอกสารแนบท้ายหนังสือรับรองนี้ จำนวน 5 แผ่น โดยมีลายมือชื่อนายทะเบียนซึ่งรับรองเอกสารและประทับตรากรมพัฒนาธุรกิจการค้าเป็นสำคัญ



ที่ สจก.002092

กรมพัฒนาธุรกิจการค้า กระทรวงพาณิชย์

หนังสือรับรอง

ออกให้ ณ วันที่ 19 เดือน พฤศจิกายน พ.ศ. 2551



รายการข้อควรทราบของนิติบุคคลมีดังนี้

ข้อควรทราบ

1. บริษัทนี้เดิมชื่อ บริษัท ผาแดงอินดัสทรี จำกัด ทะเบียนเลขที่ 794/2524 ได้จดทะเบียนแปรสภาพเป็นบริษัทมหาชนจำกัด เมื่อวันที่ 4 กุมภาพันธ์ 2537/
2. นิติบุคคลนี้ได้ส่งงบการเงินปี 2550
3. หนังสือรับรองเฉพาะข้อความที่ห้าง/บริษัทได้นำมาจดทะเบียนไว้เพื่อผลทางกฎหมายเท่านั้น ข้อเท็จจริงเป็นสิ่งที่ควรหาไว้พิจารณาฐานะ
4. นายทะเบียนอาจเพิกถอนการจดทะเบียน ถ้าปรากฏว่าข้อความอันเป็นสาระสำคัญที่จดทะเบียนไม่ถูกต้อง หรือเป็นเท็จ