

PADAENG INDUSTRY PUBLIC COMPANY LIMITED

**INTERIM CONSOLIDATED AND COMPANY
FINANCIAL STATEMENTS (UNAUDITED)**

31 MARCH 2008

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To the Shareholders and the Board of Directors of Padaeng Industry Public Company Limited

I have reviewed the accompanying consolidated and company balance sheets of Padaeng Industry Public Company Limited and its subsidiaries and of Padaeng Industry Public Company Limited as at 31 March 2008 and the related consolidated and company statements of income for the three month periods ended 31 March 2008 and 2007 and the related consolidated and company statements of changes in shareholders' equity, and cash flows for the three-month periods ended 31 March 2008 and 2007. The Company's management is responsible for the correctness and completeness of information in these interim financial statements. My responsibility is to issue a report on these interim financial statements based on my reviews.

I conducted my reviews in accordance with the standard on auditing applicable to review engagements. This standard requires that I plan and perform a review to obtain moderate assurance as to whether the interim financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit, and accordingly, I do not express an audit opinion.

Based on my reviews, nothing has come to my attention that causes me to believe that the interim financial statements referred to above are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I have audited the consolidated and company financial statements for the year ended 31 December 2007 of Padaeng Industry Public Company Limited and its subsidiaries and of Padaeng Industry Public Company Limited in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements in my report dated 11 February 2008. The consolidated and company balance sheets as at 31 December 2007, presented for comparative purposes, are part of the financial statements which I have audited and issued a report thereon as stated above, and I have not performed any other auditing procedures subsequent to the date of that report.



Nattaporn Phan-Udom
Certified Public Accountant (Thailand) No. 3430
PricewaterhouseCoopers ABAS Limited
Bangkok

13 May 2008

Padaeng Industry Public Company Limited
Balance Sheets
As at 31 March 2008 and 31 December 2007

	Notes	Consolidated		Company	
		(Unaudited) 31 March 2008 Baht	(Audited) 31 December 2007 Baht	(Unaudited) 31 March 2008 Baht	(Audited) 31 December 2007 Baht
ASSETS					
<u>Current Assets</u>					
Cash and cash equivalents		1,184,873,754	519,777,885	946,814,652	356,245,201
Deposits (with LME broker)		1,914,001	-	1,914,001	-
Trade accounts receivables-net					
- other parties		401,210,761	278,974,064	398,366,591	275,087,596
- related parties	14 (iv)	30,045,843	25,222,828	30,045,843	25,222,828
Short-term loans and advances to related parties-net	14 (v)	2,449,000	2,449,000	1,650,063	1,650,063
Inventories-net		1,623,398,971	2,199,580,945	1,623,398,971	2,201,842,506
Value added tax receivables		18,533,584	24,861,246	15,850,288	22,374,586
Other receivables - related parties	14 (vi)	-	-	3,784,943	3,597,350
Other current assets		51,866,942	90,447,296	50,682,407	89,516,102
Total Current Assets		3,314,292,856	3,141,313,264	3,072,507,759	2,975,536,232
<u>Non-Current Assets</u>					
Investments in related parties-net	14 (i)	126,838,407	132,743,660	371,660,597	371,660,597
Property, plant and equipment-net	12	2,043,417,047	2,019,052,572	2,045,435,427	2,021,297,154
Exploration and acquisition costs	3	543,315,050	456,611,538	140,767,478	130,534,342
Other non-current assets		9,011,192	9,536,028	8,926,191	9,457,528
Total Non-Current Assets		2,722,581,696	2,617,943,798	2,566,789,693	2,532,949,621
Total Assets		6,036,874,552	5,759,257,062	5,639,297,452	5,508,485,853

Director.....

Director.....

The notes to the consolidated and company financial statements on pages 9 to 24 are an integral part of these interim financial statements.

Padaeng Industry Public Company Limited
Balance Sheets (Cont'd)
As at 31 March 2008 and 31 December 2007

	Notes	Consolidated		Company	
		(Unaudited) 31 March 2008 Baht	(Audited) 31 December 2007 Baht	(Unaudited) 31 March 2008 Baht	(Audited) 31 December 2007 Baht
LIABILITIES AND SHAREHOLDERS' EQUITY					
<u>Current Liabilities</u>					
Loans from financial institutions	4	135,676,191	-	135,676,191	-
Trade accounts payables					
- other parties		475,042,799	120,064,209	473,390,836	118,427,149
- related parties	14 (iv)	621,477	6,150,893	718,929	6,276,329
Advance from related parties	14 (vii)	163,152,078	126,240,767	-	-
Short-term loans from related parties	14 (viii)	-	-	-	80,000,000
Accrued interest expenses					
- other parties		43,909	-	43,909	-
- related parties	14 (viii)	-	-	-	510,137
Accrued electricity expenses		171,238,332	187,124,594	171,238,332	187,124,594
Royalty payable		25,822,341	216,945,530	25,822,341	216,945,530
Other current liabilities		220,660,828	223,652,578	167,580,543	203,480,565
Total Current Liabilities		1,192,257,955	880,178,571	974,471,081	812,764,304
<u>Non-Current Liabilities</u>					
Provisions for restoration expenses	5	13,273,355	13,571,494	13,273,355	13,571,494
Provision for employee termination/retirement benefits	6	94,320,286	91,905,766	94,320,286	91,905,766
Others non-current liabilities		5,417,359	4,932,567	5,417,359	4,932,567
Total Non-Current Liabilities		113,011,000	110,409,827	113,011,000	110,409,827
Total Liabilities		1,305,268,955	990,588,398	1,087,482,081	923,174,131
<u>Shareholders' Equity</u>					
Share capital					
Authorised share capital					
226,000,000 ordinary shares of Baht 10 each		2,260,000,000	2,260,000,000	2,260,000,000	2,260,000,000
Issued and paid-up share capital					
226,000,000 ordinary shares					
of Baht 10 each, fully paid	7	2,260,000,000	2,260,000,000	2,260,000,000	2,260,000,000
Premium on share capital	7	602,413,600	602,413,600	602,413,600	602,413,600
Retained earnings					
Appropriated legal reserve	8	171,962,698	171,962,698	171,962,698	171,962,698
Unappropriated		1,650,037,000	1,686,899,415	1,517,439,073	1,550,935,424
Total Company Shareholders' Equity		4,684,413,298	4,721,275,713	4,551,815,371	4,585,311,722
Minority interests		47,192,299	47,392,951	-	-
Total Shareholders' Equity		4,731,605,597	4,768,668,664	4,551,815,371	4,585,311,722
Total Liabilities and Shareholders' Equity		6,036,874,552	5,759,257,062	5,639,297,452	5,508,485,853

The notes to the consolidated and company financial statements on pages 9 to 24 are an integral part of these interim financial statements.

Padaeng Industry Public Company Limited
Statements of income (Unaudited)
For the three-month periods ended 31 March 2008 and 2007

	Notes	Consolidated		Company	
		31 March 2008 Baht	31 March 2007 Baht	31 March 2008 Baht	31 March 2007 Baht
Sales and services revenue	13	2,293,729,604	3,423,896,000	2,289,236,657	3,419,818,287
Cost of sales and services		<u>(2,222,296,358)</u>	<u>(2,883,112,299)</u>	<u>(2,220,726,875)</u>	<u>(2,880,599,884)</u>
Gross Profit	13	71,433,246	540,783,701	68,509,782	539,218,403
Selling and administrative expenses		(98,251,053)	(162,554,999)	(97,938,120)	(159,702,985)
Royalty expenses		<u>(33,717,805)</u>	<u>(94,589,254)</u>	<u>(33,717,805)</u>	<u>(94,589,254)</u>
Profit (loss) from sales and services		(60,535,612)	283,639,448	(63,146,143)	284,926,164
Other revenues		5,666,734	2,764,080	6,571,674	2,703,030
Gain on exchange rate		12,838,204	33,048,212	13,064,142	33,244,624
Allowance for diminution of inventories - reversal		3,669,865	-	3,669,865	-
Directors' remuneration (expenses) - reversal		<u>2,610,359</u>	<u>(4,497,000)</u>	<u>2,610,359</u>	<u>(4,497,000)</u>
Operating profit (loss)	13	(35,750,450)	314,954,740	(37,230,103)	316,376,818
Share of loss of investment in jointly controlled entity on equity method		<u>(5,905,253)</u>	<u>(822,335)</u>	<u>-</u>	<u>-</u>
Profit (loss) before finance costs and corporate income tax		(41,655,703)	314,132,405	(37,230,103)	316,376,818
Finance costs-net	9	<u>5,286,462</u>	<u>129,170</u>	<u>3,733,752</u>	<u>(1,663,764)</u>
Profit (loss) before corporate income tax		(36,369,241)	314,261,575	(33,496,351)	314,713,054
Corporate income tax		<u>(693,826)</u>	<u>(662,170)</u>	<u>-</u>	<u>-</u>
Net profit (loss) for the period		<u><u>(37,063,067)</u></u>	<u><u>313,599,405</u></u>	<u><u>(33,496,351)</u></u>	<u><u>314,713,054</u></u>
Attributable to:					
Equity holders of the Company		(36,862,415)	313,781,979	(33,496,351)	314,713,054
Minority Interests		<u>(200,652)</u>	<u>(182,574)</u>	<u>-</u>	<u>-</u>
		<u><u>(37,063,067)</u></u>	<u><u>313,599,405</u></u>	<u><u>(33,496,351)</u></u>	<u><u>314,713,054</u></u>
Earnings (loss) per share for profit attributable to the equity holders of the Company	10				
Net profit (loss) for the periods		<u><u>(0.16)</u></u>	<u><u>1.39</u></u>	<u><u>(0.15)</u></u>	<u><u>1.39</u></u>

The notes to the consolidated and company financial statements on pages 9 to 24 are an integral part of these interim financial statements.

Padaeng Industry Public Company Limited
Statements of changes in shareholders' equity (Unaudited)
For the three-month periods ended 31 March 2008 and 2007

	Attributable to equity holders of the Company				Total	Minority interest	Total
	Issued and paid-up share capital	Premium on share capital	Retained earnings				
			Appropriated legal reserve	Unappropriated			
			Baht	Baht			
Beginning balance as at 1 January 2008	2,260,000,000	602,413,600	171,962,698	1,686,899,415	4,721,275,713	47,392,951	4,768,668,664
Net loss for the period	-	-	-	(36,862,415)	(36,862,415)	(200,652)	(37,063,067)
Ending balance as at 31 March 2008	2,260,000,000	602,413,600	171,962,698	1,650,037,000	4,684,413,298	47,192,299	4,731,605,597

	Attributable to equity holders of the Company				Total	Minority interest	Total
	Issued and paid-up share capital	Premium on share capital	Retained earnings				
			Appropriated legal reserve	Unappropriated			
			Baht	Baht			
Beginning balance as at 1 January 2007	2,260,000,000	602,413,600	125,461,639	1,985,686,934	4,973,562,173	47,458,539	5,021,020,712
Net profit (loss) for the period	-	-	-	313,781,979	313,781,979	(182,574)	313,599,405
Ending balance as at 31 March 2007	2,260,000,000	602,413,600	125,461,639	2,299,468,913	5,287,344,152	47,275,965	5,334,620,117

The notes to the consolidated and company financial statements on pages 9 to 24 are an integral part of these interim financial statements.

Padaeng Industry Public Company Limited
Statements of changes in shareholders' equity (Unaudited)
For the three-month periods ended 31 March 2008 and 2007

	Attributable to equity holders of the Company				Total
	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings		
			Appropriated legal reserve Baht	Unappropriated Baht	
			Baht	Baht	
Beginning balance as at 1 January 2008	2,260,000,000	602,413,600	171,962,698	1,550,935,424	4,585,311,722
Net loss for the period	-	-	-	(33,496,351)	(33,496,351)
Ending balance as at 31 March 2008	<u>2,260,000,000</u>	<u>602,413,600</u>	<u>171,962,698</u>	<u>1,517,439,073</u>	<u>4,551,815,371</u>

	Attributable to equity holders of the Company				Total
	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings		
			Appropriated legal reserve Baht	Unappropriated Baht	
			Baht	Baht	
Beginning balance as at 1 January 2007	2,260,000,000	602,413,600	125,461,639	1,850,074,252	4,837,949,491
Net profit for the period	-	-	-	314,713,054	314,713,054
Ending balance as at 31 March 2007	<u>2,260,000,000</u>	<u>602,413,600</u>	<u>125,461,639</u>	<u>2,164,787,306</u>	<u>5,152,662,545</u>

The notes to the consolidated and company financial statements on pages 9 to 24 are an integral part of these interim financial statements.

Padaeng Industry Public Company Limited
Statements of income (Unaudited)
For the three-month periods ended 31 March 2008 and 2007

	Notes	Consolidated		Company	
		31 March 2008 Baht	31 March 2007 Baht	31 March 2008 Baht	31 March 2007 Baht
Cash flows from operating activities					
Net profit (loss) before tax		(36,369,241)	314,261,575	(33,496,351)	314,713,054
Adjustments for:					
Depreciation expenses	12	89,973,814	85,350,470	89,860,956	85,264,327
Other assets amortisation expenses		3,364,939	3,021,638	3,364,939	3,021,638
Interest expenses	9	96,759	12,890,180	112,376	12,902,166
Share of loss from jointly controlled entity		5,905,253	822,335	-	-
Allowance for doubtful debts - trade accounts receivables (reversal)					
- other parties		(100,179)	330	-	-
Allowance for slow-moving and obsolete stocks (reversal)		2,541,021	(438,769)	2,541,021	(438,769)
Allowance for diminution of inventories (reversal)		(3,669,865)	-	(3,669,865)	-
Allowance for advances to suppliers and unrecoverable interest		653,989	648,574	653,989	648,574
Provision for employee termination/retirement benefits	6	2,414,520	2,755,304	2,414,520	1,800,000
Provision for annual leave		150,000	150,000	150,000	150,000
Amortisation of deferred gain on hire purchases		-	(382,780)	-	(382,780)
Gain on disposal of property, plant and equipment		(7,998)	(187,849)	(7,998)	(187,849)
Impairment expenses (reversal)		-	(408)	-	(408)
Property, plant and equipment written-off	12	5,131	-	5,131	-
Other assets written-down	3	3,000,000	3,000,000	3,000,000	3,000,000
Provision for restoration expenses (use of)	5	(298,139)	(6,843,786)	(298,139)	(6,843,786)
Unrealised gain on foreign currency exchange		(1,777,121)	(852,523)	(1,777,121)	(852,523)
Changes in operating assets and liabilities					
Trade accounts receivables					
- other parties		(122,072,283)	234,141,151	(123,214,761)	232,574,228
- related parties		(4,778,646)	(3,792,919)	(4,778,646)	(2,642,277)
Advances to related parties		-	-	-	(387,271)
Inventories		577,310,818	191,692,687	579,572,379	189,756,089
Value added tax receivables		6,327,662	47,030,201	6,524,298	47,107,081
Other receivables - related parties		-	-	(187,593)	-
Other current assets		38,094,862	(8,807,608)	38,314,188	(8,520,163)
Other non-current assets		(6,500)	2,124,989	-	2,148,489
Trade accounts payables					
- other parties		357,340,102	140,963,441	357,325,197	140,652,560
- related parties		(5,529,416)	42,808,547	(5,557,400)	42,783,213
Advances from related parties	14 (vii)	36,911,311	4,400,000	-	-
Accrued electricity expenses		(15,886,262)	(117,162,571)	(15,886,262)	(117,162,571)
Royalty payable		(191,123,189)	(190,063,215)	(191,123,189)	(190,063,215)
Other current liabilities		(4,017,289)	(178,730,737)	(36,231,733)	(178,286,856)
Other non-current liabilities		484,792	(3,259,932)	484,792	(3,259,932)
Cash generated from operation		738,938,845	575,538,325	668,094,728	567,493,019
Interest paid		(52,850)	(15,715,369)	(578,604)	(15,895,164)
Tax paid		(168,497)	(315,272)	(134,480)	(24,433)
Net cash provided by operating activities		738,717,498	559,507,684	667,381,644	551,573,422

The notes to the consolidated and company financial statements on pages 9 to 24 are an integral part of these interim financial statements.

Padaeng Industry Public Company Limited
Statements of cash flows (Unaudited) (Cont'd)
For the three-month periods ended 31 March 2008 and 2007

	Notes	Consolidated		Company	
		31 March 2008 Baht	31 March 2007 Baht	31 March 2008 Baht	31 March 2007 Baht
<u>Cash flows from investing activities</u>					
Cash invested in subsidiaries		-	-	-	(5,435,025)
Cash paid for purchase of property, plant and equipment	12	(114,343,422)	(52,557,037)	(114,004,362)	(51,815,037)
Cash received from sales of property, plant and equipment		8,000	187,850	8,000	187,850
Cash paid for exploration and acquisition costs	3	(92,537,114)	(14,022,307)	(16,066,738)	(10,054,382)
Net cash used in investing activities		(206,872,536)	(66,391,494)	(130,063,100)	(67,116,594)
<u>Cash flows from financing activities</u>					
Deposits (with LME brokers)		(1,911,126)	566,786,106	(1,911,126)	566,786,106
Proceed (payment) on loans from financial institutions		135,166,807	(275,670,327)	135,166,807	(275,670,327)
Payment on short-term loans from related parties	14 (viii)	-	-	(80,000,000)	(50,000,000)
Dividends payment		(2,340)	(41,272)	(2,340)	(41,272)
Payment on long-term borrowings		-	(40,000,000)	-	(40,000,000)
Accounts payable hire purchase payment		-	(771,533)	-	(771,533)
Net cash used in financing activities		133,253,341	250,302,974	53,253,341	200,302,974
Effects from changes in exchange rate for cash and cash equivalents		(2,434)	(2,598)	(2,434)	(2,598)
Net increase in cash and cash equivalents		665,095,869	743,416,566	590,569,451	684,757,204
Cash and cash equivalents at beginning of the period		519,777,885	754,250,926	356,245,201	590,160,663
Cash and cash equivalents at end of the period		1,184,873,754	1,497,667,492	946,814,652	1,274,917,867

The notes to the consolidated and company financial statements on pages 9 to 24 are an integral part of these interim financial statements.

1. Accounting policies

These interim consolidated and company financial statements are prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E.2547, and the financial reporting requirements of the Securities and Exchange Commission. The primary financial statements (i.e. balance sheets, statements of income, changes in shareholders' equity and cash flows) are prepared in the full format as required by the Securities and Exchange Commission. The notes to the financial statements are prepared in a condensed format according to Thai Accounting Standard 41, "Interim Financial Reporting" and additional notes are presented as required by the Securities and Exchange Commission under the Securities and Exchange Act B.E.2535.

An English version of the consolidated and company interim financial statements has been prepared from the interim financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language interim financial statements shall prevail.

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2007.

These interim financial statements have added additional information in relation to critical accounting estimated and judgements and capital risk management as required by the revised standards TAS No. 35.

The following amendments to standards and new standard as published by the Federation of Accounting Professions are mandatory for the Company's accounting periods beginning on or after 1 January 2008 and are relevant to the Company.

Revised standards

TAS No. 25 "Cash Flow Statements"

TAS No. 29 "Leases"

TAS No. 31 "Inventories"

TAS No. 33 "Borrowing Costs"

TAS No. 35 "Presentation of Financial Statements (revised 2007)"

TAS No. 39 "Accounting Policies, Changes in Accounting Estimates and Errors (revised 2007)"

TAS No. 41 "Interim Financial Reporting (revised 2007)"

New standard

TAS No. 51 "Intangible Assets"

The Company's management has determined that the revised and new standards did not result in a significant impact to the Company's financial statements except for TAS No.35 which effects the presentation of minority interest and other disclosures as discussed in Note 1.1 and 1.2 as adopted by the Company.

The following amendments to standards as published by the Federation of Accounting Professions are mandatory for the Company's accounting periods beginning on or after 1 January 2008 and are currently not relevant to the Company.

TAS No. 43 "Business Combinations"

TAS No. 49 "Construction Contracts"

Costs that incur unevenly during the financial period are anticipated or deferred in the interim report only if it would be also appropriate to anticipate or defer such costs at the end of the financial period.

Income tax expense is recognised based on the best estimate of the weighted average annual income tax rate expected for the full financial period. The estimated average annual tax rate used (for the Companies not benefiting from reported tax losses) is 30%.

These interim financial statements should be read in conjunction with the 2007 annual financial statements.

These interim consolidated and company financial statements have been approved for issue by the Board of Directors on 13 May 2008.

1. Accounting policies (Cont'd)

1.1 Critical accounting estimates, assumption and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

1. Impairment of receivables

The Company maintains an allowance for doubtful accounts to reflect impairment of trade receivables relating to estimated losses resulting from the inability of customers to make required payments. The allowance for doubtful accounts is significantly impacted by the Company's assessment of future cash flows, such assessment being based on consideration of historical collection experience, known and identified instances of default and consideration of market trends.

2. Property, plant and equipment and intangible assets

Management determines the estimated useful lives and residual values for the Company's property, plant and equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different to previously estimated, or it will write off or write down technically obsolete or assets that have been abandoned or sold.

3. Deferred income taxes

The Company does not recognise income taxes payable or receivable in future periods in respect of temporary differences arising from differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The accounting standard for deferred income taxes is currently not in effect in Thailand.

4. Employee benefits

The Company has commitment on post-retirement benefits to employees on reaching retirement age. The present value of employee benefit liabilities recognized in the balance sheet is determined on an actuarial basis utilizing various assumptions. The assumptions used in determining the net period cost for employee benefits includes the discount rate, the rate of salary inflation and employee turnover. Any changes in these assumptions will impact the net periodic cost recorded for employee benefits. On an annual basis the Company determines the appropriate discount rate, which represents the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle the employee benefits. In determining the appropriate discount rate the Company considers the current yields on high quality corporate fixed-income investments in Thailand.

1.2 Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Padaeng Industry Public Company Limited
Unaudited condensed notes to the interim consolidated and company financial statements
for the interim period ended 31 March 2008

2. Approval of mining licenses

As at 31 December 2007, the Company was still in the process of completing the procedures needed to apply for a new mining license in replacement of its principal mining lease that expired on 17 October 2007.

On 15 January 2008, the Company received from the Royal Forestry Department renewed forestry permits for the dressing area and some plots controlling access to the remaining ore stockpiles in the Maesod area allowing the Company to crush and process those ores.

The Mining Lease was granted by the Minister of the Ministry of Industry on 8 April 2008 for a period of 15 year (from 8 April 2008 to 7 April 2023). On 28 April 2008, following the inspection by the Regional Office of Primary Industry and Mining, the Company was authorised to restart its mining activities.

3. Exploration and acquisition costs

Exploration and acquisition costs as at 31 March 2008 and 31 December 2007 comprise:

	Consolidated		Company	
	31 March 2008 Baht	31 December 2007 Baht	31 March 2008 Baht	31 December 2007 Baht
<u>Exploration costs</u>				
Opening balance for the period/year	384,147,983	235,458,074	75,057,297	45,442,808
Expenditure incurred during the period/year	92,537,114	181,087,724	16,066,738	62,012,304
Expenditure written-down	(3,000,000)	(32,397,815)	(3,000,000)	(32,397,815)
Ending balance for the period/year (Note 3 (i))	<u>473,685,097</u>	<u>384,147,983</u>	<u>88,124,035</u>	<u>75,057,297</u>
<u>Mining acquisition costs</u>				
Capitalised deferred cost				
Opening balance for the period/year	60,000,000	60,000,000	60,000,000	60,000,000
Accumulative depletion	(28,333,354)	(26,666,688)	(28,333,354)	(26,666,688)
Ending balance for the period/year	<u>31,666,646</u>	<u>33,333,312</u>	<u>31,666,646</u>	<u>33,333,312</u>
Special prospect license fee	16,986,510	16,986,510	-	-
Land use compensation	5,896,052	6,322,111	5,896,052	6,322,111
Other capitalised expenditure	<u>15,080,745</u>	<u>15,821,622</u>	<u>15,080,745</u>	<u>15,821,622</u>
Ending balance for the period/year	<u>69,629,953</u>	<u>72,463,555</u>	<u>52,643,443</u>	<u>55,477,045</u>
Total	<u><u>543,315,050</u></u>	<u><u>456,611,538</u></u>	<u><u>140,767,478</u></u>	<u><u>130,534,342</u></u>

i) Exploration costs

Exploration costs are mainly related to those incurred by the Company, Puthep Co., Ltd. and Padaeng Industry (Laos) Co., Ltd., its subsidiaries. At the date of these statements, exploration activities had not established whether economically recoverable resources existed in the area. In accordance with the Company's accounting policy for exploration, such costs will remain capitalised until final determination of whether economically recoverable resource exists.

Since 21 August 2000, the Company and **Puthep Co., Ltd.** has entered into a Participation Agreement (the "Agreement") with Pan Australian Resources N. L. and PNA (Puthep) Pty Limited of Australia ("PNA") to undertake exploration and mining of Puthep Copper Project in north-east Thailand. Under the Agreement, PNA has the right to obtain a 51% working interest in the Puthep Project by completing a bankable feasibility study. The Agreement also includes further options for PNA to acquire a total interest of either 60% or 70% in Puthep Co., Ltd.

PNA completed the expenditure requirements of the First Earning Period of the Participation Agreement (USD 1 million or Baht 42 million) in April 2003 and has complied with all other requirements under the Participation Agreement. Accordingly, in June 2005, PNA obtained, through a capital increase, a 20.66% ownership interest in Puthep Co., Ltd.

Padaeng Industry Public Company Limited
Unaudited condensed notes to the interim consolidated and company financial statements
for the interim period ended 31 March 2008

3. Exploration and acquisition costs (Cont'd)

i) Exploration costs (Cont'd)

On 10 July 2007, PNA advised the Company that they funded approximately USD 2 million of project expenditure in Puthep Co.,Ltd. As per the term of the Second Earning Period, this funding gives PNA the right to earn an additional share of around 12% in Puthep Co., Ltd. for a total share of around 33%.

The capitalised exploration costs incurred by Puthep Co., Ltd. amount to Baht 396.7 million. On 1 November 2006, the land access permits for completion of Puthep's project feasibility study have been approved by the Royal Forestry Department (RFD), the permits have been provided to the Department of Primary Industry and Mine (DPIM) for acknowledgment and to obtain land access and conduct the complementary exploration and technical studies needed to confirm the feasibility of the project.

In October 2006, the Company signed an exploration agreement with the Department of Mines and Geology of Laos PDR covering 800 km² in the Kasi district of northern Vientiane Province. The exploration is conducted through **Padaeng Industry (Laos) Co., Ltd.** at the date of this closing a total amount of Baht 5.8 million has been capitalised on the consolidated balance sheet.

4. Loans from financial institutions

Loans from financial institutions as at 31 March 2008 and 31 December 2007 comprise:

	Consolidated		Company	
	31 March 2008 Baht	31 December 2007 Baht	31 March 2008 Baht	31 December 2007 Baht
Trust Receipts	135,676,191	-	135,676,191	-

The Company has entered into short-term financing arrangements to fund its operations with a financial institution. The interest rate, the Company is paying on the trust receipts is 2.90% - 2.95%.

5. Provisions for restoration expenses

	Consolidated		Company	
	31 March 2008 Baht	31 December 2007 Baht	31 March 2008 Baht	31 December 2007 Baht
Balance at the beginning of the period/year	13,571,494	10,948,433	13,571,494	10,948,433
Additional provisions charged to the statement of income	10,251,808	25,882,804	10,251,808	25,882,804
Amounts utilised	(10,549,947)	(23,259,743)	(10,549,947)	(23,259,743)
Balance at the end of the period/year	13,273,355	13,571,494	13,273,355	13,571,494

The provisions for restoration costs represent amounts provided for the estimated costs of restoration of residual ponds at Tak as well as the tailing dam and rehabilitation of the mined area in Maesod in accordance with government regulations and company's commitments.

Padaeng Industry Public Company Limited
Unaudited condensed notes to the interim consolidated and company financial statements
for the interim period ended 31 March 2008

6. Provision for employee termination/retirement benefits

	Consolidated		Company	
	31 March 2008 Baht	31 December 2007 Baht	31 March 2008 Baht	31 December 2007 Baht
Balance at the beginning of the period/year	91,905,766	76,029,550	91,905,766	76,029,550
Additional provisions charged to the statement of income	2,414,520	9,756,372	2,414,520	8,801,068
Amounts utilised	-	(1,339,104)	-	(383,800)
Actuarial loss recognised in equity	-	7,458,948	-	7,458,948
Balance at the end of the period/year	<u>94,320,286</u>	<u>91,905,766</u>	<u>94,320,286</u>	<u>91,905,766</u>

The Company recognises the costs of employee termination/retirement benefits payable in accordance with Thai Labor law. The amount of termination/retirement benefits are recorded based on projected unit credit method by an actuarial valuation completed using end of period employee wages, turnover rates, retirement ages, mortality, length of service and other factors. All actuarial gains and losses following changes in actuarial assumptions of post employment defined benefit plans are recognised through equity in the period which they occur as shown above.

7. Share capital and premium on share capital

	Number of shares	Ordinary shares Baht	Shares premium Baht	Total Baht
For the three-month period ended 31 March 2008				
Opening balance	226,000,000	2,260,000,000	602,413,600	2,862,413,600
Movement during the period	-	-	-	-
Closing balance	<u>226,000,000</u>	<u>2,260,000,000</u>	<u>602,413,600</u>	<u>2,862,413,600</u>

As at 31 March 2008, the total authorised number of ordinary shares is 226,000,000 shares (2007: 226,000,000 shares) with a par value of Baht 10 per share (2007: Baht 10 per share). All issued shares are fully paid.

8. Legal reserve

	Consolidated		Company	
	31 March 2008 Baht	31 December 2007 Baht	31 March 2008 Baht	31 December 2007 Baht
Balance at the beginning of the period/year	171,962,698	125,461,639	171,962,698	125,461,639
Appropriation during the period/year	-	46,501,059	-	46,501,059
Balance at the end of the period/year	<u>171,962,698</u>	<u>171,962,698</u>	<u>171,962,698</u>	<u>171,962,698</u>

Under the Public Companies Act, B.E. 2535, the company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve reaches 10% of the registered capital.

9. Finance costs-net

Finance costs relate to the following:

	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
For the three-month period ended 31 March				
Interest income	5,383,221	13,019,350	3,846,128	11,238,402
Interest expense	(96,759)	(12,890,180)	(112,376)	(12,902,166)
Total finance costs-net	<u>5,286,462</u>	<u>129,170</u>	<u>3,733,752</u>	<u>(1,663,764)</u>

10. Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net profit (loss) attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

There are no potential dilutive ordinary shares in issue for the period presented and no diluted earnings (loss) per share is presented.

Padaeng Industry Public Company Limited
Unaudited condensed notes to the interim consolidated and company financial statements
for the interim period ended 31 March 2008

11. Bank guarantees

As at 31 March 2008, the Company and subsidiaries have given letters of guarantee in the ordinary course of business issued by banks of approximately Baht 430.8 million (31 December 2007: Baht 440.1 million).

12. Capital expenditures and commitments

For the three - month period ended 31 March 2008	Consolidated		Company	
	Property, Plant and Equipment Baht	Intangible Assets Baht	Property, Plant and Equipment Baht	Intangible Assets Baht
Opening net book amount	2,019,052,572	5,573,490	2,021,297,154	5,573,490
Acquisition of assets and capital in progress	114,343,422	-	114,004,362	-
Sale of assets	(2)	-	(2)	-
Assets written-off	(5,131)	-	(5,131)	-
Depreciation and amortisation	(89,973,814)	(531,336)	(89,860,956)	(531,336)
Closing net book amount	<u>2,043,417,047</u>	<u>5,042,154</u>	<u>2,045,435,427</u>	<u>5,042,154</u>

Commitments

As at 31 March 2008 and 31 December 2007, the Company has the following commitments for the acquisition of plant and equipment that have been contracted but not recorded as liabilities:

	Consolidated		Company	
	31 March 2008 Baht	31 December 2007 Baht	31 March 2008 Baht	31 December 2007 Baht
Not later than 1 year	92,218,174	126,888,463	92,218,174	126,888,463
Later than 1 year	-	-	-	-
Total	<u>92,218,174</u>	<u>126,888,463</u>	<u>92,218,174</u>	<u>126,888,463</u>

As at 31 March 2008 and 31 December 2007, the Company has the following commitments for the purchase of inventories that have been contracted but not recorded as liabilities:

	Consolidated		Company	
	31 March 2008 Baht	31 December 2007 Baht	31 March 2008 Baht	31 December 2007 Baht
Not later than 1 year	3,176,172,990	3,077,529,993	3,176,172,990	3,077,529,993
Later than 1 year	-	-	-	-
Total	<u>3,176,172,990</u>	<u>3,077,529,993</u>	<u>3,176,172,990</u>	<u>3,077,529,993</u>

Padaeng Industry Public Company Limited
Unaudited condensed notes to the interim consolidated and company financial statements
for the interim period ended 31 March 2008

13. Segment information

Financial information by geographical segment

For the three - month period ended 31 March 2008

	Domestic Baht	Export Baht	Consolidated Baht
Sales and services revenue	2,091,047,679	202,681,925	2,293,729,604
Segment result	71,292,167	141,079	71,433,246
Unallocated costs			107,183,696
Operating loss			<u>(35,750,450)</u>

For the three - month period ended 31 March 2007

	Domestic Baht	Export Baht	Consolidated Baht
Sales and services revenue	2,945,731,755	478,164,245	3,423,896,000
Segment result	480,883,250	59,900,451	540,783,701
Unallocated costs			225,828,961
Operating profit			<u>314,954,740</u>

Padaeng Industry Public Company Limited
Unaudited condensed notes to the interim consolidated and company financial statements
for the interim period ended 31 March 2008

14. Related parties transactions

The Company's major shareholders are Umicore and Nyrstar in Belgium which own approximately 22.00% and 24.90% of the Company's outstanding shares, respectively. The remaining shares are widely held (see Note 16 (iii)).

i) Investments in related parties - net

Details of investments in subsidiaries and jointly controlled entity are as follows:

	Consolidated		Company		Consolidated		Company	
	31 March 2008		31 March 2008		31 December 2007		31 December 2007	
	Equity	Paid up	%	Cost	Equity	Paid up	%	Cost
	Baht	capital	ownership	Baht	Baht	capital	ownership	Baht
		Baht	investment	Baht		Baht	investment	Baht
Subsidiaries and jointly controlled entity								
Padaeng Properties Co., Ltd.	-	80,000,000	100	80,000,000	-	80,000,000	100	80,000,000
Puthep Co., Ltd.	-	183,575,800	79.34	145,650,772	-	183,575,800	79.34	145,650,772
Padaeng Industry (Laos) Co., Ltd.	-	25,650,127	100	25,650,127	-	25,650,127	100	25,650,127
Padaeng International Mining Co., Ltd.	-	100,000	100	100,000	-	100,000	100	100,000
Sila Enterprise Co., Ltd.	-	9,000,000	55	4,950,000	-	9,000,000	55	4,950,000
Maesod Clean Energy Co., Ltd.	126,838,407	387,500,000	35	135,624,800	132,743,660	387,500,000	35	135,624,800
Total	126,838,407			391,975,699	132,743,660			391,975,699
Less : Diminution								
Padaeng Industry (Laos) Co., Ltd.	-			(20,215,102)	-			(20,215,102)
Padaeng International Mining Co., Ltd.	-			(100,000)	-			(100,000)
Investments in related parties - net	126,838,407			371,660,597	132,743,660			371,660,597

All subsidiaries are incorporated in Thailand except Padaeng Industry (Laos) Co., Ltd.

14. Related parties transactions (Cont'd)

i) Investments in related parties - net (Cont'd)

Jointly controlled entity

On 9 October 2006, **Maesod Clean Energy Co., Ltd.** was created together with MP Energy Co., Ltd. and Thai Oil Plc. The jointly controlled entity will produce ethanol as an alternative energy sources. The entity was created with an initial capital of 10,000,000 shares at a par value of Baht 10 from which Baht 5 have been paid by the shareholders. The entity is consolidated under the equity method.

In September 2007, Maesod Clean Energy Co., Ltd. called for payment of the balance of the initial shares.

On 19 September 2007, the shareholders at the Extraordinary Shareholders' Meeting passed a resolution to approve an increase in the authorised share capital of Maesod Clean Energy Co., Ltd. from 10,000,000 ordinary shares with a par value of Baht 10 per share to 67,500,000 ordinary shares with a par value of Baht 10 per share. In October 2007, Padaeng Industry Plc. subscribed for an additional 20,125,000 new shares in this company for which Baht 5 have been called. Accordingly, as at 31 December 2007, Padaeng Industry Plc. has subscribed and paid for a total of 23,625,000 shares for a cumulative amount of Baht 135,624,800.

Subsidiaries

In 2006, the board of **Padaeng Industry (Laos) Co., Ltd.** approved increases in the authorised share capital of Padaeng Industry (Laos) Co., Ltd. from USD 200,000 to USD 1,273,000 including debt conversion of USD 293,000 to capital. The Board of Directors of Padaeng Industry Plc. approved the capital increases of Padaeng Industry (Laos) Co., Ltd. on 23 February 2006 and 9 August 2006.

As at 31 December 2006 and 2007 respectively, Padaeng Industry Plc. had paid USD 100,000 and USD 150,000 for additional share capital increases. It should be noted that the Company had previously recorded a provision for diminution of investment in Padaeng Industry (Laos) Co., Ltd. for the full amount of its investment.

On 30 May 2007, Foreign Investment Management Committee of Laos PDR approved the above mentioned conversion of loans, advances and accrued interest from Padaeng Industry Plc. of USD 293,000 to increase authorised share capital of Padaeng Industry (Laos) Co., Ltd. Padaeng Industry Plc. reclassified the loans, advances and accrued interest to Padaeng Industry (Laos) Co., Ltd. and related allowance for doubtful account to investment and diminution of investment in Padaeng Industry (Laos) Co., Ltd., respectively.

Accordingly, as at 31 December 2007, Padaeng Industry (Laos) Co., Ltd. has authorised share capital total of USD 1,273,000 from which USD 743,000 have already been paid or converted. The current investment value of Padaeng Industry (Laos) Co., Ltd. in the Company's books is reduced to USD 150,000 or Baht 5,435,025.

In August 2005, the Board of Directors of Padaeng Industry Plc. passed a resolution to complete the liquidation process of **Padaeng International Mining Co., Ltd.** The actual liquidation has not yet commenced.

In August 2007, the Board of Directors of **Sila Enterprise Co., Ltd.** passed a resolution to liquidate the company. Currently the company has stopped its commercial activities on 18 October 2007. The process of obtaining shareholders approval to liquidate the subsidiary has commenced this year.

Padaeng Industry Public Company Limited
Unaudited condensed notes to the interim consolidated and company financial statements
for the interim period ended 31 March 2008

14. Related parties transactions (Cont'd)

ii) Sales of goods and services

For the three - month period ended 31 March	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Sales of goods and services:				
Padaeng Properties Co., Ltd.	-	-	271,800	-
Padaeng Industry (Laos) Co., Ltd.	-	-	370,906	-
Puthep Co., Ltd.	-	-	262,234	-
Sila Enterprise Co., Ltd.	-	-	-	1,607,383
Umicore	-	63,718,798	-	63,718,798
Umicore Marketing Services (Thailand) Co., Ltd.	35,473,928	77,200,417	35,473,928	77,200,417
Umicore Marketing Services (Far East) Ltd.	-	28,364,868	-	28,364,868

Sales to related parties are based on current industry market practices and prices.

iii) Purchases of goods and services

For the three - month period ended 31 March	Consolidated		Company	
	2008 Baht	2007 Baht	2008 Baht	2007 Baht
Purchases of goods and services:				
Padaeng Properties Co., Ltd.	-	-	466,278	486,352
Padaeng Industry (Laos) Co., Ltd.	-	-	-	11,436,046
Umicore Marketing Services (Thailand) Co., Ltd.	6,157,680	13,963,867	6,157,680	13,963,867
Umicore Australia Limited	-	14,327,336	-	14,327,336

Purchases from related parties are based on current industry market practices and prices.

iv) Outstanding balances arising from sales/purchases of goods and services

	Consolidated		Company	
	31 March 2008 Baht	31 December 2007 Baht	31 March 2008 Baht	31 December 2007 Baht
	Receivables from related parties:			
Nyrstar Belgium SA/NV	-	7,628,960	-	7,628,960
Umicore Malaysia Sdn Bhd Co., Ltd.	19,330,889	8,678,448	19,330,889	8,678,448
Umicore Zinc Alloys Belgium N.V.	118,132	-	118,132	-
Umicore Marketing Services (Thailand) Co., Ltd.	10,596,822	7,237,104	10,596,822	7,237,104
Umicore Marketing Services (HongKong) Ltd.	-	1,678,316	-	1,678,316
Total	30,045,843	25,222,828	30,045,843	25,222,828

Padaeng Industry Public Company Limited
Unaudited condensed notes to the interim consolidated and company financial statements
for the interim period ended 31 March 2008

14. Related parties transactions (Cont'd)

iv) Outstanding balances arising from sales/purchases of goods and services (Cont'd)

	Consolidated		Company	
	31 March 2008 Baht	31 December 2007 Baht	31 March 2008 Baht	31 December 2007 Baht
Payables to related parties:				
Padaeng Properties Co., Ltd.	-	-	97,452	125,436
Umicore	-	1,792,940	-	1,792,940
Umicore Marketing Services (Thailand) Co., Ltd.	621,477	4,357,953	621,477	4,357,953
Total	621,477	6,150,893	718,929	6,276,329

v) Short-term loans and advances to related parties - net

	Consolidated		Company	
	31 March 2008 Baht	31 December 2007 Baht	31 March 2008 Baht	31 December 2007 Baht
Puthep Co., Ltd.	-	-	1,650,063	1,650,063
Padaeng International Mining Co., Ltd.	-	-	344,800	344,800
Minority Shareholder of Sila Enterprise Co., Ltd.	2,449,000	2,449,000	-	-
	2,449,000	2,449,000	1,994,863	1,994,863
<u>Less: Allowance for doubtful accounts</u>	-	-	(344,800)	(344,800)
Short-term loans and advances to related parties - net	2,449,000	2,449,000	1,650,063	1,650,063

As at 31 March 2008, the Company reclassified loans, advances and accrued interest to Padaeng Industry (Laos) Co., Ltd. to investment (see Note 14 (i)).

As at 31 March 2008, the above mentioned loans and advances to Puthep Co., Ltd. and Padaeng International Mining Co., Ltd. are calculated at interest rates of MLR+1% p.a.

In May 2006, Sila Enterprise Co., Ltd. contracted a short-term loans in favour of one of its minority shareholder. The loan amounts to Baht 2.4 million and was granted on 22 May 2006, bearing an interest rate of 0.75% per annum. As at 31 March 2008, Sila Enterprise Co., Ltd. has the interest receivable in the amount of Baht 33,674 and all the interest will be paid on the principal repayment date.

vi) Other receivables - related parties

	Consolidated		Company	
	31 March 2008 Baht	31 December 2007 Baht	31 March 2008 Baht	31 December 2007 Baht
Padaeng Properties Co., Ltd.	-	-	94,842	1,138,104
Padaeng Industry (Laos) Co., Ltd.	-	-	1,668,377	1,271,507
Puthep Co., Ltd.	-	-	2,021,724	1,141,592
Padaeng International Mining Co., Ltd.	-	-	52,898	46,147
	-	-	3,837,841	3,597,350
<u>Less: Allowance for doubtful account</u>	-	-	(52,898)	-
Total	-	-	3,784,943	3,597,350

Padaeng Industry Public Company Limited
Unaudited condensed notes to the interim consolidated and company financial statements
for the interim period ended 31 March 2008

14. Related parties transactions (Cont'd)

vii) Advance from related parties

	Consolidated		Company	
	31 March	31 December	31 March	31 December
	2008	2007	2008	2007
	Baht	Baht	Baht	Baht
<u>PNA (Puthep) Pty Limited of Australia</u>				
Beginning balance of the period/year	126,240,767	224,000	-	-
Advance increase during the period/year	36,911,311	126,016,767	-	-
Ending balance of the period/year	163,152,078	126,240,767	-	-

viii) Loans from related parties

	Consolidated		Company	
	31 March	31 December	31 March	31 December
	2008	2007	2008	2007
	Baht	Baht	Baht	Baht
<u>South East Asia Metals Co., Ltd.</u>				
Beginning balance of the period/year	-	-	80,000,000	50,000,000
Loans increase (decrease) during the period/year	-	-	(80,000,000)	30,000,000
Ending balance of the period/year	-	-	-	80,000,000
Accrued interest expenses	-	-	-	510,137

The above mentioned loan from South East Asia Metals Co., Ltd. was an unsecured one-month term promissory note at an interest rate of 2.38%. As at 31 March 2008, the Company has no outstanding balance left as all principals have already been repaid in January 2008.

Padaeng Industry Public Company Limited
Unaudited condensed notes to the interim consolidated and company financial statements
for the interim period ended 31 March 2008

15. Risk management policy for assets and liabilities

15.1 Significant assets and liabilities in foreign currencies

As at 31 March 2008:

	Term of receipt/ payment (days)	Consolidated		Company	
		Amount		Amount	
		USD	Baht	USD	Baht
Cash at banks	-	6,207	194,846	6,207	194,846
Accounts receivables	7-20	1,078,360	33,852,839	1,078,360	33,852,839
Deposits (with LME broker)	30	60,826	1,904,001	60,826	1,904,001
Unrealised forward exchange contract payables	3-120	11,415,311	359,711,434	11,415,311	359,711,434
Unrealised forward exchange contract receivables	3-180	1,413,966	44,554,676	1,413,966	44,554,676
Trust Receipts	90	4,290,441	135,676,191	4,290,441	135,676,191
Accounts payables	30-60	1,472,419	46,562,161	8,072,983	255,291,120
Realised forward exchange contract payables for zinc metal price	30	75,000	2,363,060	75,000	2,363,060

	Term of receipt/ payment (days)	Consolidated		Company	
		Amount		Amount	
		EUR	Baht	EUR	Baht
Forward contract payables (Sell)	30	352,339	17,527,973	352,339	17,527,973
Forward contract receivables (Buy)	30	1,018,802	50,605,273	1,018,802	50,605,273
Accounts payables	30	3,627	181,417	3,627	181,417

	Term of receipt/ payment (days)	Consolidated		Company	
		Amount		Amount	
		AUD	Baht	AUD	Baht
Forward contract receivables (Buy)	30	738,849	21,282,060	738,849	21,282,060
Accounts payables	30	505,270	14,755,830	505,270	14,755,830

As at 31 December 2007:

	Term of receipt/ payment (days)	Consolidated		Company	
		Amount		Amount	
		USD	Baht	USD	Baht
Cash at banks	-	6,207	208,853	6,207	208,853
Accounts receivables	7-20	989,178	33,285,448	989,178	33,285,448
Unrealised forward exchange contract payables	3-60	3,245,390	109,438,130	3,245,390	109,438,130
Unrealised forward exchange contract receivables	3-350	1,032,277	34,808,835	1,032,277	34,808,835
Accounts payables	30-60	1,813,401	61,447,081	1,813,401	61,447,081
Realised forward exchange contract payables for zinc metal price	30	365,300	12,275,183	365,300	12,275,183
Realised forward exchange contract receivables for zinc metal price	30	365,300	12,295,132	365,300	12,295,132

	Term of receipt/ payment (days)	Consolidated		Company	
		Amount		Amount	
		EUR	Baht	EUR	Baht
Forward contract receivables (Buy)	30	472,087	23,291,191	472,087	23,291,191
Accounts payables	30	37,498	1,860,668	37,498	1,860,668

15. Risk management policy for assets and liabilities (Cont'd)

15.1 Significant assets and liabilities in foreign currencies (Cont'd)

Foreign currency amounts are translated by using the reference rate quoted by the Bank of Thailand as at 31 March 2008 and 31 December 2007, respectively.

15.2 Risk management and hedging instruments

The majority of the Company's price quotations of zinc related transactions are based on US dollars. In this respect, the Company is exposed to foreign currency fluctuations relating to export sales and to the purchases of imported raw materials, spare parts and capital equipment. When needed, the Company uses derivative financial instruments (mainly spot and forward contracts) to reduce the exposure to adverse fluctuations in foreign exchange rates.

During the year, the Company has entered into some transactional hedges with respect of certain specific customer contracts with committed future deliveries at a fixed price. As at 31 March 2008, 800 metric tons purchased on the London Metals Exchange at the average price of Baht 72,575 per metric ton are still outstanding. The change in fair value of these hedge - purchased contracts amounts to Baht 0.4 million, favorable. These positions will be balanced by committed and priced physical sales contracts for which deliveries have to be done at the same future periods.

In addition, the Company entered into transactional hedging of imported concentrates. Upon pricing with the supplier, the related material has been sold forward on the London Metals Exchange; this position will be purchased back upon expected (pricing of) sales of the associated metals. As at 31 March 2008, 3,300 MT have been sold forward at a price of Baht 79,198 per metric ton. The change in fair value of these hedge-sales contracts amounts to Baht 21.6 million, favorable. These positions will be balanced by committed and priced physical purchased contracts for which deliveries have to be done at the same future periods.

The changes in fair value of the above hedged contracts have not been recognised in these financial statements in accordance with Thai Generally Accepted Accounting Principles.

Also for its cash flow hedges, the Company uses in the past derivative financial and commodity instruments (mainly spot and forward contracts) primarily to reduce the exposure to adverse fluctuations in foreign exchange rates and commodity prices on its expected future cash flows. Those risks derive mainly from our exposure to fluctuations in metals prices from our own mining production, on treatment charges received and our ability to obtain higher recoveries of metal from imported concentrates. Derivative financial instruments comprising forward foreign exchange and commodity contracts related to future cash flows are not recognised in the financial statements until the underlying cash flows are realised. Accordingly, on these financial instruments, no "mark to market" mechanism is applied to unsettled forward foreign exchange and commodity contracts at the time of the balance sheet date.

Through January 2006, a total of 19,950 metric tons of metal forward sales over the year 2007 and associated forward foreign exchange contracts in US dollars was completed. The aforementioned volume of 19,950 metric tons relate to cash flows that were realised in 2007 at an average price of Baht 68,673 per metric ton. As at 31 March 2007, a balance of 12,450 metric tons of unsettled position remained priced at a contractual average of Baht 68,284 per metric ton. The total contract value of these unsettled metal forward contracts at 31 March 2007 was Baht 850 million.

As at 31 March 2008, all positions have been liquidated, and no unsettled metal forward sales and associated forward foreign exchange contracts in US dollars exist. No similar hedges have been entered over the current or future years.

These fair values reflect the marked to market values of the contracts at the prevailing period end rates. The marked to market values are determined on a comparison of the contract rate to the prevailing end of period market rate (spot-to-spot or forward-to-forward depending on the type of contract).

The operations carried out on the future markets for reducing both transactional and structural risks as described here above are not of a speculative nature.

15. Risk management policy for assets and liabilities (Cont'd)

15.3 Fair values

The carrying amounts at the balance sheet date of cash and cash equivalents, trade accounts receivables, short-term loans and advances to related parties, value added tax receivables, other current assets, investments and certain other assets, loans from financial institutions, trade accounts payables, short-term loans and advances from related parties, accrued interest expenses, accrued electricity expenses, royalty payable, other current liabilities and provision for restoration expenses approximate their fair values.

15.4 Credit risk

Credit risk refers to the risk that counterparties will default on its contractual obligations resulting in a financial loss to the Company.

As a general rule, the Company has a credit risk management policy to obtain credit insurance or collateral from the customers before commencing trade. The collateral may include bank guarantees or cash guarantees.

The remaining Company's credit risk is spread amongst several customers.

15.5 Interest rate risk

Interest rate risk in the balance sheet arises from the potential for a change in interest rates to have an adverse effect on the net interest earnings of the Company in the current reporting period and in future years.

Management believes that these risks are acceptable. As of 31 March 2008, the Company has no outstanding long-term loan as all principals have already been repaid in June 2007.

15.6 Mining licenses

See Note 2 for discussion related to the renewal of mining licenses.

15.7 Exploration risk

In order to maintain a low-cost supply base for its smelter, the Company and some of its subsidiaries are performing exploration activities. These expenses are capitalised and eventually impaired as explained in Note 3 (i) of these financial statements. Following the simultaneous approval of several exploration licenses and in particular the Puthap project, the increased level of activity is likely to generate higher level of exploration costs capitalised than in the previous years increasing the impact of the impairments. Regular assessments by the management, once sufficient reliable data have been collected and compiled, should lower both uncertainty and risk level related to the recoverability of these costs.

16. Events after balance sheet date

i) Dividend

At the Annual Ordinary General Meeting of Shareholders held on 23 April 2008, shareholders approved the annual dividend payment from net profit of the Company for the year ended 31 December 2007 of Baht 2.74 per share totalling Baht 619.2 million. These interim financial statements do not reflect this dividend payment in the period ending 31 March 2008.

ii) Mining licenses

The Mining Lease was granted by the Minister of the Ministry of Industry on 8 April 2008 for a period of 15 year (from 8 April 2008 to 7 April 2023). On 28 April 2008, following the inspection by the Regional Office of Primary Industry and Mining, the Company was authorised to restart its mining activities.

16. Events after balance sheet date (Cont'd)

iii) Changes in shareholders

The Company has been informed by their declaration to the Stock Exchange of Thailand that on 4 April 2008, the two major shareholders of the Company, Umicore and Nyrstar, have sold their shares of 22.00% and 24.90% respectively on the stock exchange.

Various shareholders have acquired those shares:

Shareholders	Percentage of ownership
Bali Ventures Limited	21.72
Rak Minerals & Metals Investments FZ-LLC	7.24
Far East Minerals Limited	5.22
Others	<u>12.72</u>
Total	<u><u>46.90</u></u>

Subsequently, the Company has been advised that on 23 April 2008 all shares owned by Far East Minerals Limited have been sold to Rak Minerals & Metals Investments FZ-LLC. The Company's Board of Directors has appointed Mr. Andre van der Heyden as Managing Director effective on 4 April 2008.

17. Reclassification

Certain items in the balance sheet as at 31 December 2007 and statements of income for the period ended 31 March 2007 have been reclassified for comparative purpose to coincide with balance sheet as at 31 March 2008 and statements of income for the period then ended.