

Ref. PDI/BK-BS-60/2014

10 November 2014

To: President
The Stock Exchange of Thailand

Re: Clarification on Company's performance of the 3rd Quarter and 9-month Year to date 2014

Unit : Baht million	3 rd Quarter		9-month Year to date	
	2014	2013 (Restated)	2014	2013 (Restated)
Sales and services	1,450.65	1,357.50	4,179.76	4,110.83
Cost of sales and services	(1,154.25)	(1,256.33)	(3,449.44)	(3,924.94)
Gross Profit	296.40	101.17	730.32	185.89
Gain/(Loss) on exchange rate	(0.10)	0.72	10.30	(5.28)
Other Income	7.59	6.06	19.84	20.38
Profit/(Loss) before expenses	303.88	107.95	760.46	201.00
Selling and Administrative expenses	(85.75)	(128.99)	(263.04)	(293.73)
Share of Gain/(Loss) from equity method	(5.66)	(22.42)	24.67	(14.20)
Finance cost	(1.10)	(2.50)	(4.77)	(6.92)
Profit/(Loss) before tax	211.37	(45.95)	517.32	(113.85)
Corporate Income Tax	(45.81)	(0.11)	(40.33)	(0.33)
Net Profit/(Loss) after tax-attributed to Company	166.10	(44.71)	481.05	(110.81)
Earning per share (Baht/share)	0.73	(0.20)	2.13	(0.49)

For the third quarter of 2014, Padaeng Industry Public Company Limited announces a **consolidated net profit of 166.10MB**, compared to a net loss of 44.71MB for the same quarter of previous year.

For the first 9 months of 2014, Padaeng Industry Public Company Limited announces a **consolidated net profit of 481.05MB**, compared to a net loss of 110.81MB for the same first 9 months of previous year.

The gross profit of Q3 2014 improved significantly compared with the same period of previous year, increasing from 101.17MB in Q3 2013 to 296.40MB. The key driver of this improvement is mainly the more favorable zinc metal market. This was reflected in an increase of LME zinc price and sales premium on zinc metal. A depreciation of THB against USD further enhanced the result of the company.

The global market for zinc remains encouraging due to the forecast of ongoing deficits in global zinc metal balance. The USD zinc price rose from 1,860USD/ton in Q3 2013 to 2,311USD/ton in Q3 2014. The THB depreciated from 31.62THB/USD in Q3 2013 to 32.24THB/USD this year's Q3. The company continues to benefit from increased market premiums on zinc metal compared to previous year.

Sales and services of Q3 2014 reached 1,450.65MB, increasing by 93.15MB equivalent to 7%, from 1,357.50MB of the same period of previous year. The overall costs of goods sold decreased by 8%, from 1,256.33MB in Q3 2013 to 1,154.25MB in this year's quarter. This reduction is the result of an increase in local raw material feed combined with a 6% lower sales volume compared to the same quarter of previous year.

The selling and administrative expenses decreased by 43.24MB from 128.99MB in Q3 2013 to 85.75MB in Q3 2014. This results from lower selling expenses in Q3 and provision for legal case recognized in Q3 2013. Energy, materials and supply expenses decreased in line with lower production volume. Also, services related to production such as transportation were reduced.

The year-to-date gross profit of 2014 shows a considerable improvement. It reached 730.32MB, compared to 185.89MB in 9-month 2013. Sales and services in 9-month 2014 reached 4,179.76MB which is roughly the same as in 2013. The USD zinc price rose from 1,911USD/ton in 9-month 2013 to 2,138USD/ton in 9-month 2014. THB depreciated from 30.53THB/USD in 9-month 2013 to 32.54THB/USD in 9-month 2014.

The company continues to explore new business opportunities in green industry, to sustainably grow its performance. It is in the process of preparing to take the main hurdles to obtain the necessary permits to start activities in renewable energy, recycling and waste management.

Please be informed accordingly.

Yours truly,

- Signature -

(Surin Tanticharoenkiat)
Company Secretary

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