

Ref. PDI/BK-BS-062/2016

9th November 2016

To: President
The Stock Exchange of Thailand

Re: Clarification on Company's performance of the 3rd Quarter and 9- month Year to date 2016

Unit : Baht million	3 rd Quarter		9-month Year to date	
	2016	2015	2016	2015
Sales and services	1,230.68	1,215.59	3,740.45	3,638.36
Cost of sales and services	(892.84)	(1,056.97)	(3,111.44)	(3,052.04)
Gross Profit	337.83	158.63	629.01	586.32
Gain/(Loss) on exchange rate	20.66	(27.95)	30.44	(53.33)
Other Income	46.57	10.63	121.47	614.98
Profit/(Loss) before expenses	405.06	141.31	780.93	1,147.97
Selling and Administrative expenses	(154.26)	(167.84)	(372.85)	(421.70)
Share of Gain/(Loss) from equity method	(26.51)	(18.81)	(51.42)	3.36
Finance cost	(1.88)	(2.36)	(3.83)	(6.51)
Profit/(Loss) before tax	222.41	(47.71)	352.82	723.12
Corporate Income Tax	(0.96)	(27.43)	(0.60)	(185.24)
Net Profit/(Loss) after tax-attributed to Company	221.45	(74.65)	352.22	312.62
Earning per share (Baht/share)	0.98	(0.33)	1.56	1.38

For the third quarter of 2016, Padaeng Industry Public Company Limited announces a **consolidated net profit of 221.45MB**, compared to a net loss of 74.65MB for the same quarter of previous year.

For the period of 9-month 2016, Padaeng Industry Public Company Limited announces a **consolidated net profit of 352.22MB**, compared to a net profit of 312.62MB for the same period of previous year.

Sales and services of Q3 2016 reached 1,230.68MB, an increase of 15.08MB or 1% from 1,215.59MB in Q3 2015. This mainly resulted from a 22% increase in USD zinc price, but lower local market premiums compared with Q3 2015 due to slow down of the Thai economy. The USD zinc price increased to 2,253USD/ton in Q3 2016 from 1,844USD/ton in Q3 2015. Thai Baht appreciated against the US dollar by 1% from 35.40 THB/USD in Q3 2015 to 35.01 THB/USD in Q3 2016. Total sales volume in Q3 2016 was in line with Q3 2015.

Costs of goods sold decreased by 16% to 892.84MB in Q3 2016 from 1,056.97MB in Q3 2015, from a significant increase of utilization of Mae Sod mine raw materials, despite the impact of accelerated depreciations from the eminent ceasing of the zinc operations. Additionally, lower energy costs and continued savings of operating expenses supported this decrease of costs of goods sold. As a result, gross profit increased by 113% to 337.83MB in Q3 2016, from 158.63MB in Q3 2015.

The selling and administrative expenses in Q3 2016 decreased to 154.26MB from 167.84MB in Q3 2015. The decrease resulted mainly from impairment provision of some operating assets for raw material treatment according to the business transition plan that was recognized in Q3 2015. Other incomes increased from 10.63MB in Q3 2015 to 46.57MB in Q3 2016 from gains on sales of assets and non-active investment.

For 9M 2016, sales and services increased by 3% to 3,740.45MB from 3,638.36MB in 9M 2015. The average LME zinc price during 9M 2016 dropped to 1,948USD/ton from 2,040USD/ton in 9M 2015. Sales volumes of 9M 2016 increased by 10% from 9M 2015, compensating the lower zinc prices and sales premiums. The exchange rate of THB against the USD in 9M 2016 depreciated to 35.43THB/USD compared with 33.87 THB/USD of 9M 2015 which enhances the 9M 2016 results.

The gross profit of 9M 2016 increased to 629.01MB from 586.32MB in 9M 2015, from lower raw material costs due to increased feed of Mae Sod ores in the operations which compensated the higher operating expenses due to accelerated depreciations.

Other incomes of 9M 2016 sharply decreased from 614.98MB of Q3 2015 to 121.47MB of Q3 2016 because the gain from the loan forgiveness to the company's subsidiary Puthep of 585.02MB was recognized in 9M 2015. The other incomes of 9M 2016 included gain from sales of investment in PDIL of 54.28MB.

The company confirms the progress of its make-over strategy into renewable Energy, Eco management and Material business. The first solar farm of 2.27MW in Japan has completed construction September 16th, 2016 and started commercial operations October 3rd, 2016. The success of the first solar farm, even on a small scale, marks a significant progress of the company's strategic roadmap to renewable energy. The second Japan project, with installed capacity 10.53MW solar, progresses as planned.

The joint venture for Eco management signed with Dowa Eco-system Co. Ltd. proceeds with the permitting process for integrated industrial waste management in Tak province. The project received good support from the relevant authorities. On 16 September 2016, Dowa Eco-system Co., Ltd. became a 49% shareholder in PDI Tak Eco Co., Ltd., to jointly invest in an industrial waste management project for handling at least 50,000 tons yearly of industrial waste from the Northern and Central areas of Thailand.

The PDI Materials project, aiming recycling material business in Rayong, obtained formal support from Department of Industrial Works (DIW) according to the MOU signed on April 19, 2016. The project is under feasibility study. The conceptual design and basic engineering is expected to be completed by mid of 2017. The commercial operations are expected to start by the end of 2018.

Please be informed accordingly.

Yours truly,

- Signature -

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Company Secretary

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