

Ref. PDI/BK-BS-053/2016

8th August 2016

To: President
The Stock Exchange of Thailand

Re: Clarification on Company's performance of the 2nd Quarter and 1st Half 2016

| Unit : Baht million | 2 nd Quarter | | 1 st Half | |
|--|-------------------------|---------------|----------------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| Sales and services | 1,293.27 | 1,184.01 | 2,509.78 | 2,422.76 |
| Cost of sales and services | (1,127.70) | (982.25) | (2,218.59) | (1,995.07) |
| Gross Profit | 165.56 | 201.75 | 291.18 | 427.69 |
| Gain/(Loss) on exchange rate | 2.91 | (34.26) | 9.78 | (25.38) |
| Other Income | 69.55 | 588.77 | 74.90 | 604.34 |
| Profit/(Loss) before expenses | 238.03 | 756.27 | 375.86 | 1,006.65 |
| Selling and Administrative expenses | (116.79) | (125.65) | (218.60) | (253.86) |
| Share of Gain/(Loss) from equity method | (19.99) | (7.54) | (24.92) | 22.18 |
| Finance cost | (1.20) | (2.32) | (1.95) | (4.15) |
| Profit/(Loss) before tax | 100.05 | 620.75 | 130.41 | 770.82 |
| Corporate Income Tax | 0.55 | (121.09) | 0.36 | (157.81) |
| Net Profit/(Loss) after tax-attributed to Company | 100.60 | 273.60 | 130.77 | 387.27 |
| Earning per share (Baht/share) | 0.45 | 1.21 | 0.58 | 1.71 |

For the second quarter of 2016, Padaeng Industry Public Company Limited announces a **consolidated net profit of 100.60MB**, compared to a net profit of 273.60MB for the same quarter of previous year.

For the first half of 2016, Padaeng Industry Public Company Limited announces a **consolidated net profit of 130.77MB**, compared to a net profit of 387.27MB for the same period of previous year.

Sales and services of Q2 2016 reached 1,293.27MB, an increase of 109.26MB or 9% from 1,184.01MB in Q2 2015. This mainly resulted from 20% increase in sales income, despite lower USD zinc price and market premiums compared with Q2 2015. Due to a continued slowdown in global economy, the USD zinc price dropped 13% to 1,915USD/ton in Q2 2016 from 2,195USD/ton in Q2 2015. Thai Baht against the US dollar depreciated by 6% from 33.41THB/USD in Q2 2015 to 35.45THB/USD in Q2 2016. Gains from strategic hedging tempered the negative impact from the drop of USD zinc market price.

In line with higher sales volumes, costs of goods sold increased by 15% to 1,127.70MB in Q2 2016 from 982.25MB in Q2 2015, from accelerated depreciations according to the eminent ceasing of the zinc operations. The optimization of raw materials feed, lower energy costs and savings of operating expenses mitigated this increase of costs of goods sold, however not enough to prevent a gross profit decrease by 18% to 165.56MB in Q2 2016, from 201.75MB in Q2 2015.

The selling and administrative expenses in Q2 2016 decreased to 116.79MB from 125.65MB in Q2 2015. The decrease resulted mainly from the personnel provision related to mine closure that was recognized in Q2 2015.

Despite the continued poor Thai Market situation in Q2 2016, the company continued to realize increased sales volumes, whilst maintaining strict control of operational and closure expenses, enabling a positive 100.60MB performance in Q2 2016.

In Q2 2016, the Company recognized other income of 50.10MB from sales of investment in Padaeng Industry (Laos) Co.,Ltd. against other income in Q2 2015 including income of 576.30MB from the loan forgiveness in Puthep Co.,Ltd., a former 51% owned subsidiary of the company.

In H1 2016, the company increased sales and services by 4% to 2,509.78MB, from 2,422.76MB in H1 2015. The average LME zinc price during H1 2016 fell to 1,796USD/ton from 2,138USD/ton during H1 2015. Sales volumes increased with 15% compensating for the lower zinc prices and premiums. The exchange rate of THB against the USD during H1 2016 depreciated to 35.64THB/USD compared with 33.10 THB/USD of H1 2015.

The gross profit of H1 2016 decreased to 291.18MB from 427.69MB in H1 2015, from increased unit costs caused by accelerated depreciations. Strict OPEX and CAPEX control and decreasing energy prices, partially reduced the costs increase. The H1 2016 selling and administrative expenses suffered from provisions for additional personnel costs accordingly the Maesot mine closure was recognized in H1 2015.

The company confidently continues its make-over strategy. 12MW of solar farm projects in Japan - invested by the company's subsidiary PDI Energy in April 2016 - have signed EPC and will enter the construction phase. Additional farms are under due diligence.

PDI Materials is concluding the feasibility of recycling material business in Rayong. The project obtained formal support from DIW, expressed in a signed MOU dated April 19, 2016

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 support from the relevant authorities.

Please be informed accordingly.

Yours truly,

- Signature -

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