

Ref. PDI/BK-BS-075/2007

9 November, 2007

To: President
The Stock Exchange of Thailand

Re: Clarifications on company's performances in the third quarter and nine-month of 2007

Attached are a copy each of Thai and English version of the unaudited interim financial statements (both consolidated and the company only) of Padaeng Industry Public Company Limited for the third quarter and nine-month period ended 30 September 2007 together with clarifications on the company's performances during the said periods for the SET's information as follows:

From the company's consolidated statement of income for the third quarter of 2007, total sales from revenues and services was Bt2,874m which increased by Bt350m or a 14% increase from the same quarter of last year. There was a net profit of Bt362m or a net profit per share of Bt1.60 compared to net profit of Bt232m or a net profit per share of Bt1.03 in the same period of year 2006, a 56% increase.

From the company's consolidated statement of income for the nine-month of 2007, total sales from revenues and services was Bt9,474m which increased from the same period of last year by Bt2,147m or a 29% increase. There was a net profit of Bt966m or a net profit per share of Bt4.27 compared to net profit of Bt1,243m or a net profit per share of Bt5.50 in the same period of year 2006, a 22% decrease.

The average zinc price in Q3 this year was slightly lower than the same period last year. However, the zinc price in Baht was 13% lower due to the appreciation of the Baht against the US dollar.

Due to the rainy season, the local demand dropped from Q2 but was also down 17% compared to last year third quarter. Despite the drop in domestic sales,

the total sales volumes were 9% higher than last year thanks to exports to South East Asia.

Following the drop of the zinc price since last quarter, the result was further affected by the high price of the purchased inventories compared to the selling price.

All those factors were nevertheless largely compensated by the positive contribution of the high zinc price following the much reduced level of forward hedges in Q3 compared to last quarter (and previous year)

The Company has also stopped its mining operation temporarily and, after the Cabinet approved the use of 1A watershed on the existing premises, is presently waiting for the regulatory approval by the Department of Primary Industry and Mines, Mineral Act Committee and by the Royal Forestry Department (forestry permits).

For the change in accounting method, in 2006, the Company early adopted TAS 44 (as amended in 2006) - "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" and TAS 45 (as amended in 2006) - "Accounting for Investments in Associates" in accordance with the Federation of Accounting Professions Notification No. 26/2549 dated 11 October 2006 and Notification No. 32/2549 dated 3 November 2006 that were effective on 1 January 2007. Under the standards, investments in subsidiaries and associates in the separate financial statements of the company are required to be accounted using the cost basis of accounting. Income from the investments will be recorded when dividends are declared. Prior to 2006, the Company used the equity method to record its share of income from the investments in subsidiaries. This change in accounting policy has been applied retrospectively and has also been applied to the company's investments in jointly controlled entities.

The effects of the adoption of TAS 44 and TAS 45 had been restated on the statement of income for the nine-month period ended 30 September 2006 in the company financial statements (restated) are as shown below;

30 September
2006

Nine-month

Baht

Statements of changes in shareholders' equity

(Decrease) in beginning retained earnings (131,333,207)

Statements of income

Increase in share of gain of investment in subsidiaries
on equity method 358,447

Increase in basic earnings per share 0.01

However, the change of accounting policy affects only the Company Financial Statements. It does not have any effect on the consolidated financial statements or business fundamentals.

Please be informed accordingly.

Yours truly,

- Signature -

(Bernard Tonnon)
Managing Director

Board Secretary Division

Tel. 0 2661 9900 Ext. 1402, 1501

Fax. 0 2661 9946