

Ref. PDI/BK-BS-89/2015

13th November 2015

To: President
The Stock Exchange of Thailand

Re: Clarification on Company's performance of the 3rd Quarter and 9-month Year to date 2015

Unit : Baht million	3 rd Quarter		9-month Year to date	
	2015	2014 (Restated)	2015	2014 (Restated)
Sales and services	1,215.59	1,450.65	3,638.36	4,179.76
Cost of sales and services	(1,056.97)	(1,154.25)	(3,052.04)	(3,449.44)
Gross Profit	158.63	296.40	586.32	730.32
Gain/(Loss) on exchange rate	(27.95)	(0.10)	(53.33)	10.30
Other Income	10.63	7.59	614.98	19.84
Profit/(Loss) before expenses	141.31	303.88	1,147.97	760.46
Selling and Administrative expenses	(167.84)	(85.75)	(421.70)	(263.04)
Share of Gain/(Loss) from equity method	(18.81)	(5.66)	3.36	24.67
Finance cost	(2.36)	(1.10)	(6.51)	(4.77)
Profit/(Loss) before tax	(47.71)	211.37	723.12	517.32
Corporate Income Tax	(27.43)	(45.81)	(185.24)	(40.33)
Net Profit/(Loss) after tax-attributed to Company	(74.65)	166.10	312.62	481.05
Earning per share (Baht/share)	(0.33)	0.73	1.38	2.13

For the third quarter of 2015, Padaeng Industry Public Company Limited announces a **consolidated net loss of 74.65MB**, compared to a net profit of 166.10MB for the same quarter of previous year.

For the first 9 months of 2015, Padaeng Industry Public Company Limited announces a **consolidated net profit of 312.62MB**, compared to a net profit of 481.05MB for the same first 9 months of previous year.

Sales and services of Q3 2015 reach 1,215.59MB, a decrease of 235.06MB or 16%, from 1,450.65MB in Q3 2014. This mainly results from decreased sales volumes and lower selling prices due to an ongoing slowdown of the Thai economy. The USD zinc price fell 20% to 1,844USD/ton in Q3 2015, from 2,311USD/ton in Q3 2014. However, the significant depreciation of Thai Baht in Q3 reduces the negative impact from the sales volume decrease. Thai Baht depreciated to 35.40THB/USD in Q3 2015 from 32.24THB/USD in Q3 2014.

In line with the lower sales volumes, costs of goods sold decrease 8% to 1,056.97MB in Q3 2015 from 1,154.25MB in Q3 2014. This decrease also results from a continued optimal raw material feed at a lower zinc price, combined with lower energy costs. The strict OPEX and CAPEX control programs remain delivering in line with expectations. From falling metal prices, an unrealized valuation loss on by-product inventories is included in Q3 2015.

From the above mentioned reasons the Q3 2015 gross profit decreases 46% to 158.63MB from 296.40MB in Q3 2014.

The Q3 2015 selling and administrative expenses increase 82.09MB to 167.84MB from 85.75MB in Q3 2014. This mainly results from impairment provisions for our Maesot mine closure costs and some operating assets for raw material treatment in line with the ongoing zinc production transition plan.

Due to the continued economic slowdown, both locally and globally, Sales and Services in 9M 2015 drop to 3,638.36MB, a decrease of 13% from 4,179.76MB in 9M 2014. The depreciation of the Thai Baht partly compensates for the falling zinc prices in US\$, resulting in a selling price in Thai Baht close to previous year. The exchange rate of THB against the USD in 9M 2015 reaches 33.87THB/USD compared with 32.54 in 9M 2014. The average LME zinc price in 9M 2015 reaches 2,040USD/t compared with 2,138USD/t in 9M 2014.

The 9M 2015 gross profit decreases to 586.32MB, from 730.32MB in 9M 2014. The main cause is the lower LME zinc prices and slow down of the market demand. The continuous depreciation of the THB against USD again counterbalances the impact.

The 9M 2015 net profit decreases to 312.62MB, from 481.05MB in 9M 2014. Despite the economic slowdown in our main markets and the global decrease in the zinc metal price, the positive result comes from a successful hedging of part of our free zinc metal and the reduced energy costs. The income from the loan forgiveness to Puthep Co., Ltd., a subsidiary of the company, in Q2 2015 also has a major impact. Puthep is currently in a dissolution process as approved by the Puthep Board of Directors meeting July 13th, 2015.

The strategic diversification program to cope with the Maesot mine closure and to sustainably grow PDI's performance continues. Several business opportunities in green industry are actively explored. The PDI biomass power project is fine-tuning technical feasibility. Other renewable energy, waste and recycling projects are under concluding evaluation.

Please be informed accordingly.

Yours truly,

- Signature -

(Surin Tanticharoenkiat)
Company Secretary

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