

Ref. PDI/BK-BS-050/2014

8th August 2014

To: President
The Stock Exchange of Thailand

Re: Clarification on Company's performance of the 2nd Quarter and 1st Half 2014

Consolidated Performance Summary

Unit : Baht million	2 nd Quarter		1 st Half	
	2014	2013 (Restated)	2014	2013 (Restated)
Sales and services	1,385.15	1,301.39	2,729.11	2,753.33
Cost of sales and services	(1,196.75)	(1,237.63)	(2,295.19)	(2,668.61)
Gross Profit	188.40	63.75	433.92	84.72
Gain/(Loss) on exchange rate	(9.53)	(42.55)	9.80	(11.73)
Other Income	5.93	7.70	12.25	14.32
Profit/(Loss) before expenses	184.79	28.90	455.97	87.32
Selling and Administrative expenses	(98.78)	(82.38)	(177.29)	(164.74)
Share of Gain/(Loss) from equity method	2.94	(10.21)	30.32	8.22
Finance cost	(1.61)	(2.31)	(3.67)	(4.42)
Profit/(Loss) before tax	87.34	(65.99)	305.34	(73.63)
Corporate Income Tax	5.53	0.15	5.48	(0.21)
Net Profit/(Loss) after tax-attributed to Company	94.71	(65.20)	314.34	(71.84)
Earning per share (Baht/share)	0.42	(0.29)	1.39	(0.32)

For the second quarter of 2014, Padaeng Industry Public Company Limited announces a **consolidated net profit of 94.71MB**, compared to a net loss of 65.20MB for the same quarter of previous year.

For the first half of 2014, Padaeng Industry Public Company Limited announces a **consolidated net profit of 314.34MB**, compared to a net loss of 71.84MB for the same half of previous year.

The gross profit of Q2 2014 improved significantly, with close to 200% compared with the same period of previous year, increasing from 63.75MB in Q2 2013 to 188.40MB. This improvement resulted mainly from the more favorable zinc metal market which 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 1,840USD/ton in Q2 2013 to 2,073USD/ton in Q2 2014. The THB depreciated from 30.03THB/USD in Q2 2013 to 32.59THB/USD this year's Q2. The company continues to benefit from an increased metal premium compared to previous year. The market premium of special high grade zinc metal was at least 30% increase from the same period of previous year.

Sales and services of Q2 2014 reached 1,385.15MB, increasing by 83.76MB or 6% from 1,301.39MB of the same period of previous year. The overall costs of goods sold decreased by 3%, from 1,237.63MB in Q2 2013 to 1,196.75MB in this year's quarter. This is the combination of an increase in local raw material feed with a 5% reduction of sales volume compared to the same quarter of previous year. However, some operational costs have increased such as electricity and labor costs and accelerated depreciation of mine assets.

The selling and administrative expenses increased by 20% from 82.38MB in Q2 2013 to 98.78MB in Q2 2014. The higher expenses are related to the increase in royalty fee due to more feed of local feed and also from expenses supporting diversification opportunities.

The gross profit of the first half of 2014 shows even more significant improvement. It reached 433.92MB in H1 2014, or a fivefold increase, compared to 84.72MB in H1 2013. Sales and Services in H1 2014 reach 2,729.11MB which is almost the same level as the same period in 2013. The USD zinc price rose from 1,937USD/ton in H1 2013 to 2,051USD/ton in H2 2014. THB depreciated from 29.99THB/USD in H1 2013 to 32.70THB/USD in H1 2014.

Furthermore, the company continues to explore new business opportunities in green industry, to sustainably grow its performance. The main hurdle remains to obtain the necessary permits to start activities in renewable energy, recycling and waste management.

Please be informed accordingly.

Yours truly,

- Signature -

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