

Ref. PDI/BK-BS-38/2014

14 May 2014

To: President
The Stock Exchange of Thailand

Re: Clarification on Company's performance of the 1st Quarter 2014

Consolidated Performance Summary

Unit : Baht million	1 st Quarter	
	2014	2013 (Restated)
Sales and services	1,343.96	1,451.94
Cost of sales and services	(1,098.44)	(1,430.98)
Gross Profit	245.52	20.96
Gain/(Loss) on exchange rate	19.33	30.82
Other Income	6.32	6.63
Profit/(Loss) before expenses	271.17	58.41
Selling and Administrative expenses	(78.50)	(82.36)
Share of Gain/(Loss) from equity method	27.38	18.42
Finance cost	(2.06)	(2.11)
Profit/(Loss) before tax	217.99	(7.64)
Corporate Income Tax	(0.05)	(0.37)
Net Profit/(Loss) after tax-attributed to Company	219.62	(6.64)
Earning per share (Baht/share)	0.97	(0.03)

For the first quarter of 2014, Padaeng Industry Public Company Limited announces a **consolidated net profit of 219.63MB**, compared to a net loss of 6.64MB for the same quarter of previous year.

Sales and services of Q1 2014 reached 1,343.96MB, decreasing by 107.98MB or 7% from 1,451.94MB of the same period of previous year. This mainly resulted from reducing the production volumes according to the continuing operational improvement plan to cut highly expensive production costs during peak electricity periods. Even though, the average USD zinc price remained roughly the same as previous year, the THB zinc price increased considerably due to the foreign currency exchange rate. Due to the THB depreciation, the exchange rate increased from 29.94THB/USD in Q1 2013 to 32.80 THB/USD in Q1 2014.

The global market for Zinc remains encouraging as the overall supply is slightly decreasing. An increased metal premium compared to previous year can be enjoyed. The 2014 share of the gain from strategic Zn hedge for this quarter is already included in sales and services.

Despite the lower sales, the gross profit of Q1 2014 improved significantly from the same period of previous year. This resulted from the improved THB zinc price, the more favorable zinc metal market and the lower overall costs of raw materials. Costs of sales have been reduced with 332.55MB, or 23% compared to previous year. The strict OPEX and CAPEX control program remains undiminished in place to ensure lowest possible overall expenses.

Additionally, the Company continues to explore new business opportunities in green business domains, to sustainably grow its performance in a robust way.

Please be informed accordingly.

Yours truly,

- Signature -

(Surin Tanticharoenkiat)
Company Secretary

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